

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, JULY 9, 1931



contact.. with profit for you

To the aviator "contact!" means "ready to go!" Action follows instantly. The motive power is given its first turn-over . . . the aviator takes off . . . alone. To the L. & L. & G., however, "contact" means more than mere provision of facilities . . . more than the mere turning over of "motive power" to you. The L. & L. & G. takes off with you on your exploration of new premium fields.

In your own territory are lines that are often overlooked or undervalued . . . Use and Occupancy, Rental Value, Explosion . . . lines that demand a slightly different approach. L. & L. & G. specialists are equipped to render cooperative assistance in the development of those lines . . . to help you analyze your market . . . to assist you with your first "contacts" so that they will mean profit for you.

150 WILLIAM STREET, NEW YORK



This fleet points to its own record as proof positive that America's agency system is the axis of American insurance and that a company's strength derives from its agency plant. Fireman's Fund, Home Fire & Marine and Occidental Insurance companies, the Fireman's Fund and Occidental Indemnity companies. . .

SAN FRANCISCO

NEW YORK CHICAGO BOSTON ATLANTA

IF FIRE EVICTS YOUR CLIENT —
 will Rental Value insurance pay
 his rent until his home is rebuilt?



The AMERICA FORE GROUP of Insurance Companies

THE CONTINENTAL INSURANCE COMPANY FIDELITY-PHENIX FIRE INSURANCE COMPANY NIAGARA FIRE INSURANCE COMPANY
 AMERICAN EAGLE FIRE INSURANCE COMPANY FIRST AMERICAN FIRE INSURANCE COMPANY MARYLAND INSURANCE COMPANY OF DELAWARE

Eighty Maiden Lane,

ERNEST STURM, Chairman of the Board
 PAUL L. HAID, President
THE FIDELITY AND CASUALTY COMPANY
 ERNEST STURM, Chairman of the Board
 WADE FETZER, Vice Chairman
 PAUL L. HAID, President

New York, N.Y.

NEW YORK

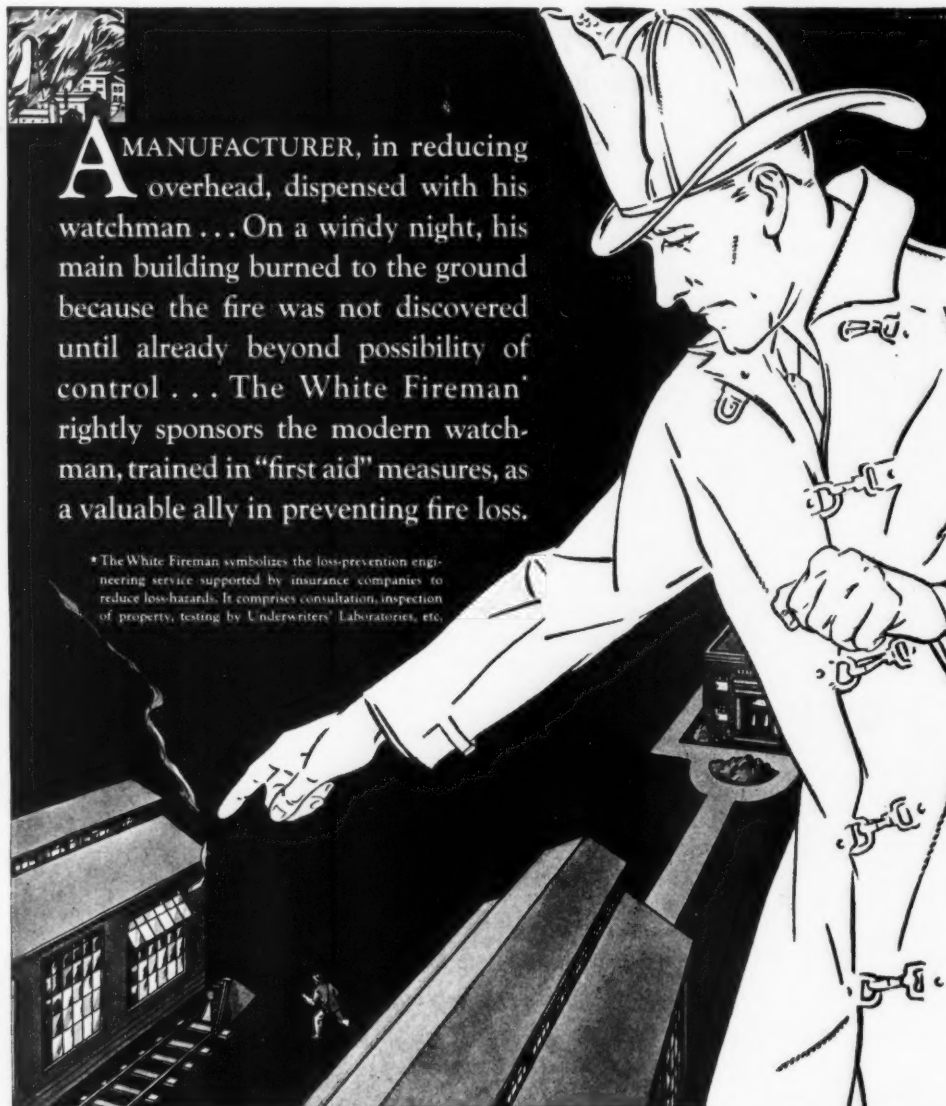
CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



A MANUFACTURER, in reducing overhead, dispensed with his watchman . . . On a windy night, his main building burned to the ground because the fire was not discovered until already beyond possibility of control . . . The White Fireman* rightly sponsors the modern watchman, trained in "first aid" measures, as a valuable ally in preventing fire loss.

*The White Fireman symbolizes the loss-prevention engineering service supported by insurance companies to reduce loss-hazards. It comprises consultation, inspection of property, testing by Underwriters' Laboratories, etc.

WHITE FIREMAN Service may be secured through responsible insurance agents or brokers. Ask your North America Agent. He is listed in Bell Classified Telephone Directories under the heading—
Insurance Company of North America



The Insurance Company of North America

PHILADELPHIA

The Oldest American Fire and Marine Insurance Company—Founded 1792

and its subsidiary companies:

ALLIANCE CASUALTY COMPANY
THE ALLIANCE INSURANCE CO. OF PHILA.
CENTRAL FIRE INSURANCE COMPANY
INDEMNITY INS. CO. OF NORTH AMERICA
NATIONAL SECURITY FIRE INS. CO.
PHILADELPHIA FIRE & MARINE INS. CO.

write practically every form of insurance except life

THE reduction of preventive measures on grounds of economy often proves worse than fallacious.

It is like reducing insurance to save on the premium, only to lose the principal value as a result.

The White Fireman endorses the trained and able watchman as a good business investment.

Above is shown in reduced size and without the color of the original, a full page advertisement appearing in The Saturday Evening Post, July 11; Literary Digest, July 11.

The National Underwriter

Thirty-Fifth Year No. 28

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JULY 9, 1931

\$4.00 Per Year, 20 Cents a Copy

Fire Executives Now Organizing

Super Body Would Be Evidence of
Front Office Sincerity in
Reform

IS PROMPTED BY ABUSES

Insurance Executives Association to Be
Launched in September as Out-
growth of Fierce Competition

As an outgrowth of the unpleasant competitive situation in the field, which became articulate at the annual meeting of the National Board, an association of fire insurance executives to be known as the Insurance Executives Association is in process of organization. Officials of many companies have pledged themselves to become members and the organization will be completed in September.

"At the annual meeting of the National Board," a statement concerning the new association declared, "there was considerable discussion of present day conditions in the fire insurance business. Stress was laid upon the fierce and at times unethical competitive conditions and the weakening of organization control over its members, with the consequent danger of collapse of restrictive control followed by complete demoralization."

Meeting in September

"A number of chief executives in discussing the subject informally and a small committee have prepared a plan for the organization of the Insurance Executives Association, which is being submitted to the chief officers and companies which are members of the four major regional organizations for consideration prior to a meeting which will be called early in September."

"The plan proposed is far reaching, and while it does not supersede any existing organization, indeed it is intended to supplement and support them, contains drastic provisions for insuring the fulfillment of members' obligations."

"It is believed this is a very constructive movement which will exert a powerful influence for good in the business and the character of its sponsorship insures its early completion."

Reaffirmation of Pledges

Assent to the plan of the intended new body would mean a reaffirmation of pledges already given by the company officials to the four regional organizations, which had they been carefully observed would have made unnecessary the creation of any additional association.

Only a short time ago the Interstate Underwriters Board had its members each renew its pledge of loyalty, as the initial move in the determination to secure strict observance of its rates and rules. The weakness in the structure of the governing associations is not in

Moratorium Program May Cause Better Feeling

NEW YORK, July 8.—Insurance and financial men of this city and the east generally who are in close touch with the national administration at Washington, and who are watching business conditions most keenly, feel that there have not been many signs of the rebound because the country has been in a state of liquidation but with the world-wide moratorium program originating with President Hoover and now virtually adopted by all World War nations going into effect, there is a general prediction that there will be some rebound, perhaps not great but enough to start a new trend of thought. It is true that there are still millions of obligations that have not been paid by cor-

porations, firms and individuals. Until the money is earned and these debts are out of the way, there will not be an era of prosperity. At the same time financial analysts say that there will be a much better feeling the world over because of this easement in the payment of reparations this year. It will give a chance to turn around.

Insurance officials have been pretty much depressed over the outlook. Business has continued to fall off. There are problems injected into companies' operations that are critical. The whole insurance machinery is badly jarred.

May Restore Confidence

Insurance company officials have not been prone to see prosperity around the corner. They feel that prosperity is much farther off. They do believe, however, that regardless of the direct business effect in the United States by the moratorium program confidence will be somewhat restored, people will feel that the world will not be put to such terrific strain for a year, there will be a more optimistic outlook and the heavier clouds will pass away. Up to this time, candidly insurance officials have not seen any omens to warrant them in predicting a brighter day.

Administration Has Lost Out

The administration at Washington had pretty much faded out and had lost the confidence of the people as to its ability to do constructive things. Regardless of President Hoover's ability and that of his advisors, insurance peo-

ple feel that the outbursts of prosperity prediction following the stock market crash for a year were ill timed because the crash kept on in spite of the eminent officials at Washington who were telling the people that it was all over. Now President Hoover has done something big and constructive. The people will have a more confident attitude towards the administration. If the moratorium program going into effect will cause a better feeling throughout the world and especially in this country there will be a decrease in the mental fear which has spread over the country from one end to the other. If this fear can be decreased and work can be started along lines where returns will be secured, the employment situation will be alleviated. Employment conditions have been getting worse, not only in industrial circles but in all activities.

Spirit May Be Revived

The best informed insurance officials declare that the moratorium program may be the starting point for at least revived spirit, an injection of hope into the human breast and greater courage to press onward.

While Tuesday's stock market reaction was not favorable to the announcement of France's acceptance of a revised draft, yet it is the prevailing opinion that the public mind will be alleviated and some business improvement will follow. The first step toward a better sentiment must be to get people out of the slough of mutual despondency.

the quality of their rules, but in non-observance. Violations of the rules of the Eastern Union had become so flagrant and numerous as to compel the scrapping of the organization in 1926 and launching of the Eastern Underwriters Association in its stead.

Personal Ill Feeling

In the aggressive strife for business during the past 12 months some companies have been accused of more than corner-cutting, the practice reaching such a pass as to create bitter personal feeling among rival company officials, and the flat declaration on the part of one or two that had suffered particularly from the practices of their none too scrupulous competitors that if such actions did not cease, drastic retaliatory measures would be inaugurated.

With the security market at a low ebb and the premium income off heavily managing underwriters recognized that any general upheaval in the business at the present time would be very damag-

ing to fire underwriting as a whole and might prove fatal to some of the smaller institutions. To forestall such condition and to aid in strengthening the business in every possible way is the primary purpose of the association now in the formative stage.

Should the intended organization be successfully launched the anticipation is that it would be helpful in ironing out irritations between the major fire bodies and such independent association as exist or that may be formed from time to time for handling specialty lines. It might, for example, be able to help materially the National Automobile Underwriters Association in enforcing its regulations, which are closely interwoven with those of the fire offices, and which in the main has the same company membership as have the fire organizations. To a degree the same would apply to other bodies having largely a common membership.

It has been repeatedly held that if a

(CONTINUED ON PAGE 9)

J. M. Thomas Heads National Union

Vice-President Home of New
York Succeeds E. E.
Cole

CHANGE EFFECTIVE NOW

President of Pittsburgh Group Steps
Out After Thirty Years—Thomas
Choice Popular

YATES MAY TAKE POST

PITTSBURGH, July 8.—J. M. Thomas, newly elected president of the National Union Fire, together with H. A. Yates, vice-president of the Southern Fire, who it is understood is also to become an official of the Pittsburgh company, arrived here from New York this morning for a general conference with E. E. Cole, the retiring president of the National Union, and other officials regarding the general affairs of the company. Mr. Cole, while resigning as chief executive will continue to consult with Mr. Thomas until the latter gets a thorough grasp of the situation. Mr. Yates before joining the executive staff of the Southern Fire two years ago was assistant manager in the western department of the Aetna, of which Mr. Thomas was then head.

PITTSBURGH, July 8.—Announcement is made of the retirement of E. E. Cole as president of the National Union Fire and National Union Indemnity and the election of John M. Thomas, vice-president of the Home of New York, as his successor. The change is effective now. Mr. Cole has arranged to remain for a time as counsellor to the new officials and he will retain his position on the board of directors.

Intimations of a complete change in personnel of the National Union were given recently when former Governor Fisher of Pennsylvania was made chairman of the board. These intimations had been gaining force and reports of the change were circulating freely on the street when the announcement was made. Mr. Cole has been an outstanding figure in the business and has been the guiding factor in the National Union since its organization in 1901. From the time of its formation until 1906 he served as secretary and then became president. His son, E. E. Cole, Jr., is vice-president.

Thomas Popular Choice

No more popular choice of a successor to Mr. Cole could have been made than that of Mr. Thomas. His experience has been varied and he has a rich fire insurance background. A native of Oxford, Ind., he started in the insurance business as stenographer in the Topeka office of the old Phenix of Brooklyn.

(CONTINUED ON PAGE 8)

Improvement Is Noted in Oklahoma City Oil Fields

NO BAD ACCIDENTS LATELY

Inspection Bureau Makes Report—Safety Guards and Strict Regulations Adopted to Reduce Hazards

OKLAHOMA CITY, July 8.—Marked improvements in regulations, hazards, methods and conditions generally in the oil drilling fields of Oklahoma City, are revealed in a special supplementary report issued by C. T. Ingalls, manager of the Oklahoma Inspection Bureau. A recent development that has been adopted by nearly all drilling companies and is considered to be an additional safeguard is the insertion of a choke or reducer fitting inside the casing which reduces the opening to 3½ inches instead of the full size 6 inch or 9 inch openings, thus retarding the velocity and flow.

Regulate Transportation of Explosives

Throughout the city field a gas sand producing large volume is encountered at depth of 5,100 to 5,200 feet. It is customary to drill all through this strata to the deeper oil and gas strata at depths of 6,400 to 6,700 feet. The shallower gas sand is cased off and reserved for future use. At some points in the field this reserve gas supply has been tapped. This requires "shooting" the well with high explosives at the proper depth. No wells have been shot in the city as yet, but probably will be. This will involve the transportation within the city of nitroglycerine in considerable quantities. The city has recently adopted an ordinance regulating the transportation, limiting quantity to 50 pounds, providing licensing of oil well shooters, requiring notice to the fire warden of transportation and shooting of wells and establishing a 300 foot zone around the well where trespass is forbidden except to those authorized. This operation will necessarily have to be carried on in a close proximity to buildings in many instances.

Must Get Permit

A recent ordinance provides for incombustible oil loading racks, vapor-proof electrical construction, grounding and bonding of racks, rails and cars and fire protection equipment. Another city ordinance requires that a permit be secured from the department of buildings before work is started on a well. The fee for permit is \$1,000. The city has required posting of \$200,000 liability and property damage bond in favor of the city by the oil companies for each well by the time the well reaches 5,000 feet depth. In several instances the court has permitted the well to be completed without the city bond being posted but placed the company under bond (usually \$50,000) that they will comply with city regulations. These cases are still pending. After one year following the completion of a well the regulations provide that the bond may be reduced to \$50,000. It is questionable whether the hazard is reduced proportionately.

No Serious Accidents Lately

Since Jan. 21, 1931, no wells have got beyond control in the city and no serious accidents have occurred. Two groups of 6 and 9 crude oil receiving tanks of 1,000 and 1,500 barrel capacity each located in residential blocks, have burned but were extinguished by the fire department after destroying or damaging tanks only. Nearby residences were undamaged. One group was fired by a welder repairing pipe connection and the other by lightning. On June 22 there was a total of 139 completed wells within the city limits, 38 actively drilling and 14 uncompleted wells shut down for various reasons. Thus far there have been no completed wells within the city limits that have failed to produce oil and gas in large volume.

General Agent Asks a Blunt Question

A mid-western general agent submits the interesting question, "Is fire insurance rate-making progressing?" and debates it from a mildly negative viewpoint. He says:

"What progress has fire insurance rate-making made, say, since 1906, which is the time of the adoption of the 'Analytic System' for the measurement of Relative Fire Hazard, or in more familiar terms the 'Dean Schedule'? The answer, no doubt, will be 'great progress has been made as rates are now made on a scientific basis divided as follows:

Business Highly Classified

"Cities and towns are classified according to public protection and municipal ordinances; the various types of building construction are classified; the occupancy of the buildings is classified; the exposure charges have been carefully scheduled according to construction, openings in other than frame buildings in public and private protection. Now then what can we do?"

"We grant that they are correct to a certain degree but we wonder why are the so-called 'accommodation' risks of 25 years ago, still 'accommodation' risks today. Don't you think that if rates are fairly correct that a premium of \$100 should be the same, whether that premium is produced from a frame woodworker, a fireproof office building or a brick grocery store?"

Illustrates With Example

"We believe any fair-minded person would agree that we are correct. Then, assume that our worksheet was to set up an example based upon present rates about as follows:

Class of risk	Amt. of Liab.	Rate	Prem.
Frame woodworker...	\$ 3,333	\$3.00	\$100
Fireproof office building	50,000	.20	100
Brick grocery building	25,000	.40	100

"The experience of the fire companies proves that companies should have not much over 50 percent loss ratio in order to receive a fair margin of profit from underwriting. Now we will assume that under the above example the average experience of all companies over a number of years (throwing out all figures that suspect moral hazards) should show loss ratios on the above named classes as follows:

Estimates Loss Ratios

"Frame woodworker 60 percent; fireproof office building 30 percent; brick grocery building 40 per cent.

"Now then, a revision of rates would

be in order and a set-up should be worked out approximately as follows:

Class of risk	Amt. of Liab.	Rate	Prem.
Frame woodworker...	\$ 2,777	\$3.60	\$100
Fireproof office building	83,500	.12	100
Brick grocery building	31,200	.32	100

"Company managers or insuring public, we believe, will agree that the so-called 'preferred' risks should stand on their own feet and not carry the burden of the so-called 'accommodation' risks. It is not the intent that the rates should be changed every year but could be modified if experience warrants them, say every five or ten years. We believe the companies through the National Board have gathered sufficient data at least to make a start in that direction."

B. B. Weaver Resigns Home to Join A. H. Bonito & Co.

B. B. Weaver has resigned as vice-president of the National Liberty, People's National and Baltimore American to become first vice-president of A. H. Bonito & Co. of New York and Chicago, general agents in inland marine lines for the three companies above named and the New Hampshire and Granite States. Mr. Weaver joined the National Liberty in 1923, being elected vice-president five years later. He is particularly well versed as to southern business and had immediate charge of the group's business for that territory.

Minimum Premium Reduction

A reduction of 50 percent in the minimum premium for insuring engagement rings is announced by the America Fore companies, stimulating to that extent the matrimonial market which has been inactive of late. Formerly the minimum premium was \$30 on rings valued up to \$1,200 for one year against loss by theft or other cause; loss of stones or faulty settings, or other hazards, which is now \$15, though the rate of \$2.50 per \$100 of value continues, which means that rings worth up to \$600 may hereafter be insured for one-half the former premium.

Metropolitan, N. Y., Change

Control of the Metropolitan Fire of New York, member of the Rossia reinsurance group, has been acquired by the Societe Anonyme de Reassurances of Paris. The Fire Reassurance, also in the Rossia group, is an American subsidiary of the Paris concern.

C. C. Wright Will Return to Pacific Coast Field

WITH AMERICAN INDEMNITY

Becomes Resident Vice-President at San Francisco—Well Known in That Territory

GALVESTON, TEX., July 8.—The American Indemnity of this city announces that C. C. Wright of Philadelphia has been appointed resident vice-president with headquarters at San Francisco. He will act in a similar capacity for the automobile department of the American Fire & Marine, its running mate. The American Indemnity is represented in California by the well known San Francisco general agency of the Mullin-Acton Company. The American Fire & Marine in addition to writing all fire lines issues a joint automobile policy with the American Indemnity and is represented by Edward Brown & Sons of San Francisco.

Career of Mr. Wright

Mr. Wright is well known in insurance circles. He is a former Texas field man, having been state agent of the Fireman's Fund. He was called to the head office, made assistant secretary and took charge of its automobile department. While in San Francisco he was very active in the Pacific Coast Automobile Underwriters Conference, was its president and representative in the National conference. He went to Philadelphia to take charge of the automobile department of the Fire Association group and when the Constitution Indemnity was organized became its vice-president and general manager, retiring when change of management was made in the Fire Association office. Mr. Wright has many acquaintances on the Pacific Coast and will be cordially welcomed there.

Field Club Conference Group

Report of the Western Insurance Bureau field club meetings at Wawasee, Ind., incorrectly stated that a committee of the Illinois club is being appointed to confer with the Western Underwriters Association on certain problems. The committee is to confer with organizations of W. U. A. field men.

West Virginia Meeting

The semi-annual meeting of the West Virginia Fire Underwriters Association is being held this week at Charleston, W. Va.

Dick Vernor Unveils Sir Charles Sussex

On the picture page of the Chicago "Tribune" early edition of July 8 appeared a photograph of R. E. Vernor of the Western Actuarial Bureau, sitting next to a distinguished looking monocled man at a Rotarian luncheon table in Chicago. This was the caption: "British Insurance Expert Talks to Rotarians. Left to right: R. E. Vernor, Sir Charles Sussex, English authority on fire risks, and Dr. Guy M. Cushing, president Chicago Rotary Club at luncheon at Hotel Sherman."

The editors of THE NATIONAL UNDERWRITER were mystified and humiliated not having heard of the great Sir Charles. Mr. Vernor was quizzed. "Say," he said, "save that picture. Sir Charles Sussex is a professional banquet entertainer by the name of Arthur Briesse. I was assigned to give him a fictitious introduction, as a gag, and having a fire insurance complex introduced him as former chairman of the board of the Liverpool & London & Globe."

CONDENSED NEWS OF WEEK

John M. Thomas, vice-president Home of New York, has been elected president of the National Union Fire. **Page 3**

Steps taken toward forming association of fire insurance executives. **Page 3**

Hoover moratorium plan expected to improve general business conditions. **Page 3**

Oklahoma City oil situation reported greatly improved by inspection bureau. **Page 4**

C. C. Wright, former vice-president Constitution Indemnity, becomes resident vice-president American Indemnity. **Page 4**

Joint conference committee is appointed by the National Association of Insurance Agents and the National Bureau of Casualty & Surety Underwriters. **Page 20**

Interesting story of how the rehabilitation of the Federal Surety was worked out. **Page 31**

Annual convention of Northwestern Association of Mutual Insurance Companies is being held this week in Minneapolis. **Page 17**

Plans for merger of Liberty Surety Bond with Commonwealth Casualty announced. **Page 30**

New Illinois bail bond bill signed by governor. **Page 30**

General Manager Beha of the National Bureau of Casualty & Surety Underwriters submits draft of constitution to the Chicago local committee to be used for the new organization there. **Page 20**

Van Schaick requests casualty companies to respond to questionnaire as to their acquisition cost practices. **Page 20**

Kentucky is first state to grant compensation rate increase in campaign of National Council on Compensation Insurance for higher tariff nationwide. **Page 31**

Request for increased compensation rates in Oklahoma denied. **Page 30**

Self Insurance Now Growing

Many Local Agents See That the
Plan Undermines Their
Business

FROWN ON THE SCHEME

Declare That Some Large City Offices
Are Responsible for Growth
of the Practice

R. P. DeVan of Charleston, W. Va., former president of the National Association of Insurance Agents, in his talk at a recent state insurance gathering declared that one of the factors working to undermine the business of agents is the increase in self-insurance. He said that unfortunately this plan is being developed and brought to the attention of assureds by some large agencies and brokers that have an extensive engineering and expert service. For instance, where a comparatively large premium is paid the suggestion will be made that the tenth of the premium be set aside or even a larger percentage to create a sinking fund and to pay for engineering service which the agency or brokerage office offers.

Suggests a Sinking Fund

The point is made that the plant can be gotten in good condition, recommendations be made as to improvements, fire prevention service be installed and every precaution be made against fire. The agency agrees to make an inspection at stated intervals and keep the owner advised as to any needed changes. The agency is paid for this engineering service. It makes a profit out of this activity. It may suggest that an excess policy be taken to take care of losses over and above a certain amount. The concern itself absorbs the small and moderate losses. The argument is made that the sinking fund will ultimately take care of all these.

Get Lines Transferred

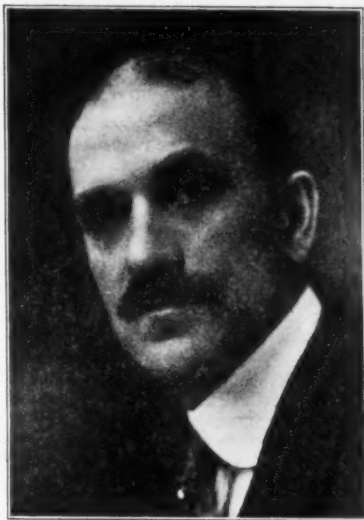
Agents say that such offices do not make these suggestions to their own customers, but where it is found that a line cannot be gotten direct and there seems no prospect of landing it, then the service proposition will be set forth.

This same point was brought to the attention of the National Association of Casualty & Surety Agents by H. W. Schaefer of New York City at the last annual meeting at White Sulphur. Mr. Schaefer took the ground that insurance companies themselves were often dealing with self-insuring institutions. He declared that contracts were made with builders and other concerns that carried their own insurance or supplies were bought from self-insurers to the detriment of competing institutions. He made the point that those that carried insurance have to make a higher bid because of the insurance premium.

Practice Is Increasing

Mr. Schaefer said that the self-insurance practice was increasing. London Lloyds and some companies that specialize on excess contracts are willing to enter into an arrangement whereby a loss over and above a certain amount is taken care of. This cuts down the insurance charge, of course, very materially. In the discussion before the casualty men the fact was brought out that insurance companies and insurance men are extensive customers of concerns that are self-insurers. There are national products manufactured by concerns that do not carry insurance or

New President



JOHN M. THOMAS

John M. Thomas, vice-president of the Home of New York and well known in fire insurance circles the country over, has been elected president of the National Union Fire. Mr. Thomas is a man of wide experience and will take to the National Union a policy of constructive achievement. He is popular personally and it goes without saying that he will popularize the National Union.

Country Club, Broadcasting Station Commission Ruling

The governing committee of the Western Underwriters Association has adopted commission rulings as to country clubs located within cities and as to radio broadcasting stations. One ruling is that golf, hunting and fishing clubs, whether located inside or outside of protection, class as country clubs and, therefore, take 15 percent commission only. The 25 percent commission allowed on city clubs, the governing committee decided, should apply only to those institutions of purely urban character, which do not have the country club features.

Only 15 percent commission is allowable on radio broadcasting stations, building and contents regardless of construction or protection. This ruling does not apply to studios. The governing committee found that higher commissions were being paid on some broadcasting stations, which were in reality power houses.

that are not carrying stock insurance and yet insurance companies and insurance men buy the products when there are others in the field manufacturing similar products that carry insurance.

Buying Power Is Large

The buying power of insurance is tremendous. If it were possible to concentrate that power the stoutest and most formidable bulwarks would fall. Because self-insurers or those that have wandered from the field of stock insurance have a ready market for their wares among stock insurance men themselves, they do not feel the necessity of meeting the demands of the stock people. As soon, however, as pressure is used and the buying power of stock insurance makes itself felt then there will be a different story to tell, its adherents say.

The James H. Rowe Securities Company, Butte, Mont., has been incorporated by J. H. Rowe and P. J. Driscoll of Butte, and W. C. Lewis, S. F. Bailiff, Jr., and Alfred Frank, all of Salt Lake City. Mr. Rowe and Mr. Driscoll are president and manager, respectively, of the Lawlor & Rowe agency of Butte.

Educational Movement Is Making Real Progress

An educational movement is now under way in the fire and casualty agencies and company offices which will produce a marked effect upon selling in the fire and casualty fields. This movement is in the second phase of its pioneering stage. The first phase involved opening up the educational path by a few trail blazers. Among the companies, the Travelers, the Aetna Casualty, the Hartford Fire, Maryland Casualty and among the publishers, THE NATIONAL UNDERWRITER, have been active in the first pioneer phase of the movement.

Widened Into a Road

Now, in the second phase of the pioneer work, the path made by the trail blazers, is being widened into a road. The companies and agencies both are constantly showing increased interest in the possibility of shortening the period of training by use of the printed page. Experience will always be necessary and personal supervision and aid will never lose its importance but the life insurance business and other great businesses have shown conclusively that the educational idea, when seriously and earnestly promoted, means dividends and progress.

Requires Concentrated Effort

There is a natural tendency on the part of those who are now encouraging study and training to become discouraged at the meagerness of the response. Many executives have declared frankly that they received such small direct returns from their efforts that they

doubted whether these efforts were worth while. What these men have failed to consider is that any movement of this kind requires the concentrated effort and attention of all the forces in the field over a period of decades. Turn to any company or to any field which has made a success of the educational idea, and study the long history of concentrated effort behind it. The great success of the National Cash Register Company in applying the idea is the result of many years of such effort. For 20 years, the idea has been gaining momentum in the field of life insurance.

Meet Magazine Needs

THE NATIONAL UNDERWRITER has had a prominent place in the pioneering educational effort in the field of insurance. The "Casualty Insurer" and the "Accident & Health Review," monthly salesmanship magazines in their respective fields, meet the instructional, stimulating magazine need. The various training courses in fire insurance and allied lines, accident and health insurance, casualty and bond underwriting, blanket the whole insurance business, providing practical and business building courses. Published by THE NATIONAL UNDERWRITER, The "Accident & Health Bulletins" and the "Fire Casualty & Surety Bulletins," offer detailed, searching and carefully edited services for the man who knows he must keep up-to-date and have immediately available the latest information and suggestions on every phase of fire and casualty agency management and selling.

Five Year Term Proposed for the Grand Wielder

MILWAUKEE, July 8.—Blue Goose members are advised in a bulletin that two important changes in the constitution and by-laws are to be voted on at the grand nest meeting here in September—one proposal being to admit casualty men to the order and the other to create a five year term for the grand wielder.

The bulletin points out that fire and casualty interests are coming closer together with both classes of carriers being found in the same fleet, the tendency being to have field men supervise both departments of the business and with the prediction that many independent casualty companies will sooner or later become affiliated with fire companies.

C. P. Helliwell, Milwaukee, is chairman of the constitution and by-laws committee. Other members are Fred Wehrenberg, Jr., Baltimore; D. P. Lemen, Sioux Falls, S. D.; J. N. McLeod, Winnipeg, and A. E. Giddings, Birmingham, Ala.

Cyclopedia of Insurance Published

The 41st annual edition of the "Cyclopedia of Insurance in the United States, 1931," has just been published by the Index Publishing Company, 206 Broadway, New York.

This well known insurance reference book now runs to 1,025 pages and is divided into five main sections: Fire and marine, life, casualty, surety and miscellaneous, insurance legal decisions of 1930 in U. S., biographical sketches. Another important feature is the definitions of insurance technical terms, the various forms of cover, policy forms, etc., arranged alphabetically. Price is \$3 and postage.

H. D. Sammis, manager of Fireman's Fund head office automobile department, has returned to San Francisco from a month's agency trip through Montana, Wyoming, Colorado, New Mexico and Arizona.

Ohio Department Now Tells About Liberty of Dayton Deal

COLUMBUS, O., July 8.—Superintendent Warner has mailed to agents of the Liberty of Dayton an announcement that as liquidating officer under authority of the court, he has consummated a reinsurance agreement with the Federal Surety of Davenport, which is licensed in Ohio. Under the terms all the valid obligations and liabilities of the Liberty are assumed by the Federal in exchange for the assets of the Liberty. Judge Warner announces that all matters in reference to the Liberty should now be taken up with J. R. Jones, vice-president of the Federal Surety, who will be located in the Harries building in Dayton, the home of the Liberty.

To Amend American's Charter

A special meeting of stockholders of the American of Newark is called for July 14 to vote on amending the charter so that it can write insurance against smoke from faulty operation of oil burning equipment. The New Jersey insurance commissioner has ruled that the American is not empowered by its present charter to insure against this risk. The stockholders will also vote on a resolution to ratify the amended charter embodying the original charter and all amendments heretofore made as well as the proposed amendment.

W. Va. Losses Increase

State Fire Marshal Stahlmann of West Virginia reports the fire loss in that state for the first five months of 1931 at \$2,904,840, an increase of \$408,160 or 16 percent above the same period last year. Insurance of \$3,930,165 was involved. Fires of unknown origin caused loss of \$1,840,750.

The Memphis Insurance Exchange has inaugurated an employment department in charge of Mrs. L. H. Patterson, assistant secretary.

Members Assessed for Four Times Outstanding Losses

RECIPROCAL BEING WOUND UP

Hundreds of Suits Filed Against Policyholders by Receiver for Minnesota Insurance Underwriters

MINNEAPOLIS, July 8.—While the Minnesota Insurance Underwriters was a small reciprocal, its administration again illustrates the complete collapse of old time reciprocal theories. J. T. Miller, trustee in bankruptcy, has filed with the court a report on an assessment now in the course of collection. The reciprocal failed with claims in the amount of \$9,767 and assets from which about \$1,500 will be realized. In addition there is a claim of the state of Minnesota for taxes in the amount of \$533.

To meet the obligations of \$10,200 the trustees levied an assessment of one annual premium on each policyholder whose policy was in force when the loss was incurred, amounting to \$38,289. This heavy assessment was levied practically on the ground that many policyholders would not pay. In other words, each policyholder is assessed for about four times his share of the unpaid losses, with a frank acknowledgment that the heavy assessment is necessary because it will be necessary to load on the paying policyholders the shares of those who cannot be forced to pay.

Joker in Contract

This seems to be sound because of a joker in the reciprocal contract, quoted in the trustee's report. The contract of each policyholder provided that the attorney-in-fact "shall not make me jointly liable with any other policyholder, but shall bind me separately and alone and for only my pro rata share and no more among contributing policyholders." Under these terms apparently the policyholders with money must pay the shares of those who have not or who fail to pay.

It is a fundamental of reciprocal theory that each policyholder pays his own share and no more. If the policyholders able to pay are assessed four times their proper share the reciprocal theory goes into the discard. The figures submitted by the trustee indicate that even this may not be enough to meet the obligations.

Big Share to be Collected

The number of policyholders involved in the assessment was 3,243, an average of \$11.80 per policy. Of the notices sent out, 572 have been returned by the post office department as undeliverable.

Eliminating those not found, the assessment applied to 2,331 policyholders in the amount of \$26,463. Payment of \$2,633 has been made by 344 policyholders. Suits have been filed against 517 policyholders to recover the sum of \$6,453.

The expenses of course are large and the trustee estimates that about \$15,000 must be raised to pay all losses and expenses. As \$4,133 has been realized by the receiver, there is more than \$10,000 still to be collected in order to wind up the concern. In other words, the amount still needed exceeds the outstanding claims at the time of the failure.

Attended with Difficulties

Remarks of the trustee in his report are of interest:

"The levying of this assessment has been attended by many difficulties. . . . In the first place, it is natural that no policyholder wishes to pay an assessment because he is paying for something which is of no value to him and from his point of view he is paying for policy twice. In the second place, the policyholders in this concern were mostly poor people of small means. . . . As a rule, business men do not take insurance in this type of concern."

Tedford Urges Fire Companies to Adopt Casualty U. & O. Form

F. A. Tedford of Lafayette, Ind., president of the Indiana Association of Insurance Agents, has prepared this criticism of the fire use and occupancy forms. He contends that the wording of the forms is confusing, and that the contingencies in the non-valued form are indefinite and difficult to project. His solution is adaptation by fire companies of the definite valued form written by casualty companies. Mr. Tedford's criticism follows:

U. & O. Has Murdered Sleep

Fire and windstorm use and occupancy insurance has probably caused the insurance agent more concern and more sleepless nights than all other forms of insurance put together. In the past few years no form of insurance has been more talked of or written about than this. Apparently there seem to be about as many ideas and opinions concerning the application of this insurance and the interpretation of its coverage as there are professed authors on the subject and professed authorities who discuss it. There are some facts, however, that stand out prominently in the minds of agents. The trusted agent realizes the following to be true:

(1) The present non-valued form is subjected to indefinite contingencies, for which one person's guess is as good as another's.

(2) The wording of the form is so inadequate that, at least, it is confusing and perhaps ambiguous to the extent that it may be subject to two or more interpretations.

(3) The indefinite contingencies and susceptibility of the construction as to coverage result not only in delay in adjusting of losses but in too many cases necessitate arbitration of losses.

Indefinite Contingencies

Indefinite Contingencies: The present form provides for indemnity for the loss of "net profit on the business which is thereby prevented" for the time necessary to "rebuild or replace" and further provides that in determining the "net profit" and "such charges and expenses as must necessarily continue" that "due consideration in either case being given to the experience of the business before the fire and the probable experience thereafter," "Probable experience thereafter"—what an indefinite contingency! What may appear to be a fair anticipated experience for the next three months to an intelligent man in any business may, to another person just as intelligent, be something entirely different. In fact it must be admitted that no mortal man is able to read the future to the extent that would be necessary positively to determine the necessary requirements of this clause. Under the heading "special exclusions" it is provided that "this company shall not be

liable for any loss—, nor for any other consequential loss or for any remote loss." Thus far I have been unable to find any authorities on this form of insurance who have been able to agree just what "any remote loss" consists of. Each authority seems to have some pet idea of his own.

Wording of the Form

The wording of the form: It has been my pleasure to submit to many intelligent business men and to several attorneys of fame the "partial suspension" clause for their interpretation. This clause is certainly one that would cause a Philadelphia lawyer or a Detroit business man to use all of his grey-matter and, in all probability, arrive at the wrong conclusion. In fact, I have found that many of the fire state agents are unable to interpret this clause as intending and requiring 100 percent co-insurance in order for the assured to collect the full loss sustained if the loss is partial. To prove that I am right in this contention, you take this clause and read it.

Settlement of Losses: In this connection, please note the heading "settlement." There is a vast difference between "settling" a loss and "adjusting" a loss. Fortunately, with most insurance the forms are plainly drawn and have been interpreted and passed upon by court decisions so that losses can actually be adjusted. This is positively not true with the fire use and occupancy insurance forms which exist today. The assured who suffers a fire loss and who has use and occupancy insurance is the finest subject in the world for the assured's adjuster. As a matter of fact, there is no individual who more needs an assured's adjuster than this unfortunate individual who has such a loss to be settled. Still more unfortunate, however, is the insurance company who is at the mercy of some intelligent assured's adjuster. The assured's adjuster has the basic law of insurance contracts on his side, i. e., that when two or more interpretations can be placed upon the wording, the one most liberal to the assured must be used. Regardless of this, however, wrangles, vexatious delays, and arbitration, always distasteful to an assured, and indeed to the honorable business of insurance itself, too often occur.

Proposes a Cure

Is there a cure for the use and occupancy policy evils which now exist? Most definitely "yes." The companies (casualty companies) who write use and occupancy insurance against the explosion of boilers, break down of engines and electrical machinery have long ago successfully pointed the way out of the difficulties. They have successfully

(CONTINUED ON NEXT PAGE)

Mildly Bullish Criticism of Fire Company Shares

STANDARD STATISTICS VIEW

Stocks of Leading Carriers Selling Near Liquidating Value in Long Term Buying Range

"Standard Statistics" has issued a mildly bullish analysis of leading fire insurance company stocks. Over the past five years, according to Standard Statistics, profits established on sales of securities out of portfolios of leading fire insurance companies, have balanced exactly depreciation on securities retained in spite of the severity of the deflation of the last two years. "On the basis of this showing," the service declared, "it is reasonable to believe that during the next major advance in security prices, these companies will realize unusually satisfactory profits from current investment."

Figures are quoted showing smaller portfolio depreciation of fire companies than domestic investment trusts.

Problem of New Capital

Standard Statistics touches on the problems which developed with the entrance of new companies into the field, eager to get hold of premiums at any price in order to get in the security market with consequent rate and commission demoralization. "The prospects now are," it stated, "that many of these smaller units will be absorbed gradually by the old line companies and more equitable rates restored."

Other items analyzed are compounding income, benefits from depression, unearned premium values, earnings, liquidating values, dollars at discount, hidden assets.

Standard Statistics concludes that those leading fire insurance company shares which are selling close to or below liquidating values are in a long term buying range. Accumulation of these stocks as straight investments for holding over a period of three to five years is warranted, the report declared.

Not for Trading

Standard Statistics warns that, because of the "thin over the counter market," most fire company stocks are not suitable for trading. They should always be considered as semi-permanent commitments. Holdings should be acquired with intent to ignore price changes over the immediate future.

The average yield of fire company stocks is better than 5 percent at present prices. At this time last year these same shares were selling on about a 3.5 percent basis.

The companies whose stocks are mentioned most favorably by Standard Statistics are Aetna, Great American, Hartford and North America. Classed as semi-speculative are National Fire and Phoenix of Hartford. Others mentioned as having attractive possibilities are Continental, Fidelity-Phoenix, Providence Washington and Springfield. The stocks of these companies are analyzed in some detail as well as those of the American, Boston, Camden, Federal of New Jersey, Fire Association, Fireman's Fund, Firemen's, Franklin, Glens Falls, Globe & Rutgers, Hanover, Home, National Liberty, National Union, New Hampshire, North River, Russia, St. Paul, United States Fire and Westchester.

A. B. Banks Sentenced

A. B. Banks, former president of the Home companies of Arkansas, was convicted and sentenced to one year in the penitentiary, following trial in circuit court at Little Rock on an indictment which alleged assent to acceptance of deposits after the American Exchange Trust Co., of which he was president, became insolvent. An appeal to the Arkansas supreme court will be sought.

Seen Along the Oregon Trail

HOWARD and ARCHIE
STEIN LAKE

Fire Insurance—Coal & Kindling

If you're afraid
of fire

See HOWARD

If you want a
good fire

See ARCHIE

CHANGES IN THE FIELD

H. B. Martin Gets Illinois Field Transfer W. E. Mallalieu, Jr.

Scottish Union Man in Wisconsin Given Added Jurisdiction—Baxter Continues in Cook County.

The jurisdiction of H. B. Martin, Wisconsin state agent of the Scottish Union group, has been extended to include Illinois except Cook county where A. W. Baxter will continue to operate. This change is made following the resignation of W. N. Haines, who was Illinois special agent for the fleet. Mr. Martin's headquarters will be 2021 Insurance Exchange, Chicago.

L. F. Daniel, Minnesota state agent, will take over the northwestern section of Wisconsin, which is being relinquished by Mr. Martin. He will retain his headquarters in the Plymouth building, Minneapolis. The other companies in the Scottish Union fleet are the American Union and Central Union.

A. A. Minick

A. A. Minick, for 22 years special agent for the Hawkeye & Des Moines Department of the Fireman's Fund in Iowa, is now with the Ellis & McKinney Company, Des Moines general agency. He will continue to make his headquarters in Fort Dodge.

INSURANCE STOCK QUOTATIONS

By H. W. Cornelius & Co., 105 South La Salle St., Chicago, as of July 6

Stock	Par	Share	Bid	Asked
Aetna Cas.	10	1.60	74	78
Aetna Fire	10	2.00	45	47
Aetna Life	10	1.20	48	50
Agricultural ...	25	4.00	95	100
Amer. Alliance ...	10	1.60	24	26
Amer. Equitable ...	5	1.20	11	13
American, N. J. ...	5	1.00	15	17
Amer. Surety ...	25	6.00	54	58
Automobile	10	1.20	27	29
Baltimore Amer. ...	5	.80	11	12 1/2
Bankers & Ship. ...	25	3.50	100	105
Boston	100	16.00	475	500
Brooklyn	5	1.20	10	12
Carolina	10	1.50	24	26
City of N. Y.	100	16.00	240	270
Continental Cas. ...	10	1.60	27	29
Continental ...	10	2.40	43	45
Fidel. Phenix ...	10	2.60	42	44
Fireman's Fund. ...	25	5.00	82	84
Fireman's F. Ind.	32	34
Firemen's Ins. ...	10	2.20	23	25
Franklin	5	1.60	24	26
Glens Falls ...	10	1.50	42	45
Globe & Rutgers ...	100	24.00	550	580
Great Am. Fire ...	10	1.60	25	27
Great Am. Ind. ...	10	...	16	18
Hanover	10	1.60	31	33
Harmonia	10	1.50	22	24
Hartford Fire ...	10	2.00	60	62
Home F. & M. ...	10	2.00	30	39 1/2
Home, N. Y. ...	10	2.00	31	33
Homestead	10	1.00	17	19
National Cas. ...	10	1.20	16	18
National Fire ...	10	2.00	51	53
National Liberty ...	5	.50	8	9
National Surety ...	50	5.00	35	37
National Union ...	100	...	95	105
Northern, N. Y. ...	25	4.00	70	80
North River ...	10	2.00	35	38
N. W. National ...	25	5.00	97	105
Occidental ...	10	...	18	21
Pacific Mut. Life ...	10	2.40	50	52
Peoples National ...	5	.50	6	7
Phoenix Ins. ...	10	2.00	66	68
Prov. Wash. ...	10	2.20	46	48
Springfield
F. & M. ...	25	4.50	96	104
St. Paul F. & M. ...	25	6.00	154	160
Sun Life ...	100	25.00	1250	1350
Travelers ...	100	22.00	785	810
U. S. Casualty ...	25	4.00	41	46
U. S. Fire ...	10	2.40	45	50
U. S. Mer. & Sh. ...	100	16.00	275	300
Westchester ...	10	*2.50	39	42

*Extra dividend paid.

N. F. P. A.'s 1932 Convention

The next annual meeting of the National Fire Protection Association will be held at Atlantic City, May 9-12.

The Michigan department has licensed the Western & Southern Fire of Cincinnati.

Special Agent for Home in Washington State Is Assigned to Illinois Field

W. E. Mallalieu, Jr., son of the National Board manager, who has been traveling for the Home of New York in Washington state, is being transferred to the Illinois field by that group. Mr. Mallalieu, who is an engineer, will fill one of the Home's Illinois vacancies. He is experienced as an engineer.

V. J. DeGuire, who has been in charge of underwriting in the Illinois sub-agency of the Home, has now been assigned to engage in special agency work in Illinois for the Home. He was previously connected with the farm department of the Home and before that was connected with the McFarland agency in Fredericktown, Mo.

Almost Stormless Season Gives Tornado Profit Hope

This season continues to be remarkable in point of absence of serious windstorms. The country has passed through the tornadic months of April, May and June with what is almost an unprecedented lack of storms. Insurance people feared that the record would be broken last week when the heat spell was dissipated, inasmuch as conditions seemed ripe for tornadoes at that time, but there were no serious storms.

The only storms of the year worth mentioning have been in the Dakotas, Kentucky near Louisville, Jeffersonville and New Albany, O., and St. Louis. There were a multiplicity of losses in Ohio, but they were small. Some of the Kentucky losses are running as high as \$10,000.

Some of the worst tornadoes in history have occurred in late summer and early fall, so insurance people are not counting this as a profitable tornado year yet. If the record created so far this year, however, should continue, the underwriting profit from tornado insurance will be an extremely bright spot in an otherwise gloomy year.

Tedford Urges Adoption of Casualty U. & O. Form

(CONT'D FROM PRECEDING PAGE)

written for a number of years use and occupancy forms that are coherent, definite, and, in fact, adequate to the extent that losses coming within their scope are readily and easily determined. Fire underwriters say it can't be done the way they do it but these companies writing this class of insurance do it and have done it for years. They write a definite valued form of use and occupancy insurance. When valued use and occupancy is mentioned, the fire underwriters throw up their hands in horror and lustily yell "moral hazard." Yet which is the easier, the more simple, and outside the laws of arson—to spike down the safety valve on the boiler, pull the pin out of the governor post on the engine, short-circuit the generator, or to set fire to the fire-proof building and burn it down? My vote is for the companies writing an intelligent form of use and occupancy insurance on machinery. Experience has convinced me that if fire companies used the same intelligence in underwriting as the casualty companies do for this form of insurance, they could safely write a valued use and occupancy form that would prove adequate.

The Dixie Fire has been licensed in Maryland.

An Advertising Age

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A number of insurance executives have yet to learn that they are living in an advertising age. Today every business that is big is an advertised business. Whether the business men of the country like it or not, the plain fact of the matter is that the business of the United States is on an advertising basis. Think of the outstanding successes in any field, such as Wrigley chewing gum, Frigidaire, Ford, Coco-Cola, Palmolive, Arrow Collars, Ivory Soap, Fisher Bodies, Lucky Strike Cigarettes, Fleischmann's Yeast, and a host of others, and you are thinking of advertised successes. Without advertising these names would not mean much. The mere fact that any product is good does not mean that it will sell. A public demand has to be created for it.

This is so true that a new product cannot even be sold to the retail merchant today unless it is very generously advertised. The retail merchant sees no object in pushing an unadvertised article when he can make the same profit by stocking up his shelves with something that is so strongly advertised that the public walks in and asks for it by name.

But, you might object, while this may all be true of soaps and collars and toothpastes, is it true of the insurance business? The answer is an emphatic yes. The company that is well known and that is well advertised, and that is as a result of its advertising, favorably thought of among insurance men, very naturally makes more progress and gets more preference than the unadvertised company.

What is there to know about a company that does not even tell anything about itself in the advertising pages of the insurance journals? No agent is going to go out of his way to find out something about a company that is not even willing to tell anything about itself. It is only natural then that the company that does tell something about itself, that keeps its name before insurance men, and in this way is well advertised among the only people that can do it very much good, progresses while the unadvertised company does not.

(Number 1 of a series devoted to the merits of National Underwriter advertising)

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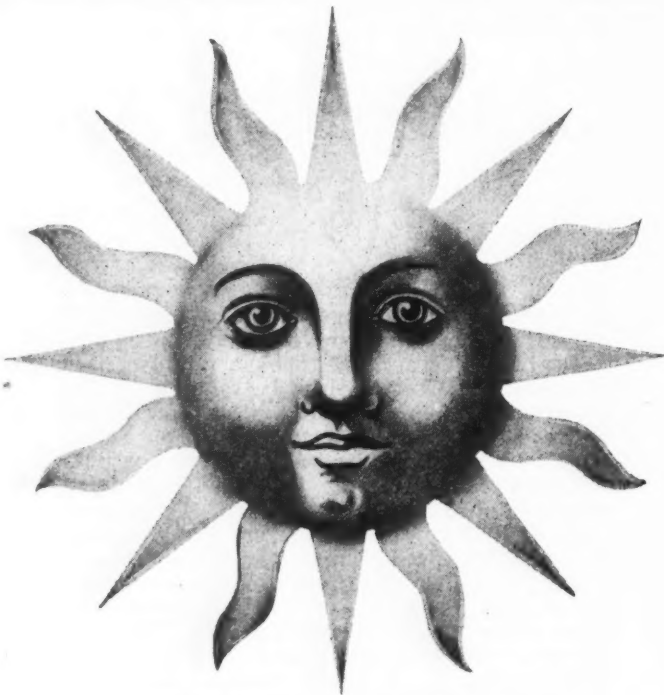
The National Underwriter

The leading weekly insurance newspaper

E. J. WOHLGEMUTH
President



C. M. CARTWRIGHT
Managing Editor



INSURANCE IS AS OLD AS THE SUN

Keep Your Face Toward the Sun and the Shadows Will Fall Behind You

SUN INSURANCE OFFICE

Limited of London

Established 1710—The Oldest Fire Insurance Company in the World

The SUN of London, established in 1710, (the oldest insurance company in the world) stands out as one of the world's greatest institutions.

The Patriotic Insurance Co. of America, established January 1, 1923, is growing lustily and is entirely at the service of our agents.

FIRE
LIGHTNING
WINDSTORM
AUTOMOBILE
EXPLOSION
RIOT & CIVIL COMMOION
USE & OCCUPANCY
RENTS & RENTAL VALUE
LEASEHOLD
INLAND MARINE
OCEAN MARINE

TOURIST FLOATER
SALESMEN'S FLOATER
YACHT AND MOTOR BOAT
ALL RISK PERSONAL JEWELRY
ALL RISK PERSONAL FURS
ALL RISK TOURIST FLOATERS
JEWELERS BLOCK POLICIES
PUBLIC LIABILITY
MERCHANDISE IN TRANSIT
via Truck, Rail or Steamer
(Annual or Trip Policies)

SUN INSURANCE OFFICE LIMITED

OF LONDON

Sun Underwriters Insurance Company of New York
Patriotic Insurance Company of America
Sun Indemnity Company of New York

UNITED STATES BRANCH

55 Fifth Ave., New York

O. Tregaskis, Manager, Eastern Department

WESTERN DEPARTMENT

Wrigley Building, Chicago
John F. Stafford, Manager

PACIFIC COAST DEPARTMENT

San Francisco, Cal.
Carl A. Henry, General Agent

MARINE DEPARTMENT

11 South William St., New York
Wm. H. McGee & Co., Inc.,
General Agents

SUN INDEMNITY COMPANY

55 Fifth Ave., New York
F. I. P. Callos, President

J. M. Thomas Heads National Union

(CONTINUED FROM PAGE 3)

Later he became a special agent for that company in Kansas and Oklahoma and subsequently was appointed state agent in Texas. He was one of the men who adjusted the company's losses at San Francisco.

For a time Mr. Thomas left the company ranks to join the Cochran-Thomas & Co. general agency of Dallas. Then for one year he served as secretary in the western department of the Fidelity-Phenix. His next connection was with the Fire Association as western manager and then he became western manager of the Aetna. Mr. Thomas then became reassociated with the Fire Association as vice-president in the home office and last year left that organization to become vice-president of the Home of New York.

Was W. U. A. President

Mr. Thomas has been active in organization affairs and served at one time as president of the Western Underwriters Association. His appointment will undoubtedly be acclaimed by the organized agents, as his attitude has always been friendly and sympathetic. He is a brother of Charles F. Thomas, manager of the Western Underwriters Association.

Mr. Cole started as a local agent at Roanoke, Va. He became a special agent for the Continental in Virginia and western Pennsylvania and from that position stepped into the National Union.

The National Union has been a heavy writer of automobile insurance and much of the politics in the automobile business has centered about the National Union's operations. One of the contributing factors to the decision to make a change in the National Union was undoubtedly its automobile experience. The National Union Fire wrote \$6,468,387 in automobile last year and sustained a loss ratio of 79.2 percent. The National Union Indemnity wrote \$1,838,667 in automobile public liability and had a loss ratio of 91.3 percent. It wrote \$747,319 in auto property damage with a loss ratio of 54.4 percent.

Two years ago the National Union organization was stamped by the National Association of Insurance Agents as being "continuously" opposed to the principles of the organized agents. Undoubtedly, under the new administration, the agents will revise their attitude toward the National Union, because of Mr. Thomas' thorough commitment to the principles of the American agency system.

National Union Exhibit

The National Union is known as a "Mellon" company and the secretary of the treasury is a director.

Admitted assets as of Dec. 31, 1930, were \$22,286,981; unearned premium reserve \$12,000,507; net surplus \$2,374,271; capital \$5,500,000; net premiums written \$13,636,531; losses paid \$9,589,016; expenses \$5,884,013; loss ratio 70.3 percent; expense ratio 43.1 percent.

The National Union Indemnity was organized in 1925. Its stock is owned by the National Union Fire. Admitted assets as of Dec. 31, 1930, were \$3,884,679; unearned premium reserve \$1,300,915; surplus to policyholders \$1,290,675; net premiums written \$3,153,612; losses \$2,808,457; expenses \$1,027,586; loss ratio 78.2 percent and expense ratio 32.5 percent.

RICHLAND COUNTY MUTUAL IS NOW 55 YEARS OF AGE

The July 1 statement of the Richland County Mutual of Mansfield, O., shows cash assets \$504,772. Its insurance in force is \$47,509,394. The Richland County started July 1, 1876, with cash assets of \$16,315. Its total income during the 55 years was \$4,919,091. It paid losses \$2,652,218. Its total disburse-

ments were \$4,430,634. Its average loss ratio the last five years was 45 percent. It confines its operations to Ohio. R. Smith, chairman of the board, is one of the veteran mutual men of the state. E. W. Dann, the secretary, is the underwriter and manager. It is one of the old time Ohio companies.

McLaughlin With Yorkshire

C. F. McLaughlin has been appointed Tennessee state agent for the Yorkshire group, in succession to W. B. Tompkins, resigned. Mr. McLaughlin is a trained fire underwriter, having been manager of the Nashville branch for a number of years, and also a field man in Ohio for a prominent company.

W. S. LEVENS & CO. EXPANDS

Wilson S. Levens & Co., well known Chicago adjusters, have moved into larger and more commodious quarters in the Insurance Exchange building. They have added about 40 percent additional space for the use of private offices for their staff of adjusters. In addition to increasing their office force, they have added to their staff in the person of A. J. Parks. The office handles auto, inland marine and adjustments on all casualty lines for the companies.

COMPANY NEWS

Issue Now Up in Virginia

Ohio Underwriters Mutual Expects to Restore Its Surplus to the \$200,000 Mark

The Ohio Underwriters Mutual Fire of Van Wert, O., is given 90 days by the Virginia state corporation commission to restore its assets so that it will show a surplus of at least \$200,000. It is entered in the state under the law that requires companies of its class to have at least that amount of surplus.

The Ohio Underwriters Mutual in explaining the situation calls attention to the fact that it started in business in 1903. In 1913 it became impaired and at the request of the Ohio insurance department it was taken over by the Purmorts of Van Wert, O., who had successfully managed the Central Manufacturers Mutual. The Ohio Underwriters Mutual as of Jan. 1 shows assets \$440,100, premium reserve \$230,586, net cash surplus \$158,329.

Licensed in Virginia

The Ohio Underwriters was licensed in Virginia in 1927, desiring to write lumber lines which came to it through its associated companies. Last year the Ohio Underwriters, like many others, experienced a heavy loss ratio with the result that its surplus was decreased to \$160,000. In applying for the renewal of its 1931 license in Virginia it was confronted with the law which required a surplus of not less than \$200,000. When this matter was brought to the attention of the company by the Virginia department it asked for an examination. This was done and the license was renewed. Renewal, however, was conditioned on a 90 days' extension of time during which the company's underwriting experience it was expected would show sufficient gain in surplus to reach the \$200,000 requirement.

The management states that its experience this year has been far more favorable than last year, both assets and surplus showing an increase since the first of the year. The officers declare that at the expiration of 90 days undoubtedly the company will have the required \$200,000 surplus. The company is regarded as sound financially and is well managed. It operates under the same management as the Central Manufacturers Mutual, works on the same plan and writes the same class of business.

AS SEEN FROM CHICAGO

COLLECTIONS ARE TIGHT

The field men report that collections are spotted especially in localities where banks have suspended. Frequently the suspension of a bank is used as an excuse for an assured not involved in any way. In a number of cases where an agent had some surplus funds he has advanced premiums and his money is pretty well tied up. Companies are hammering local agents getting partial payment of balances and using every possible means to keep the delinquent sheet as clear as possible.

* * *

FRANK DURHAM INJURED

Frank Durham, head of the W. W. Durham & Co. agency of Chicago, and Mrs. Durham were injured last week in an automobile accident. Mr. Durham suffered a severe gash in his head and Mrs. Durham is believed to have had several ribs broken.

* * *

BOWES & CO. CHANGES

Incidental to the change in set up of Bowes & Co. by which its business is routed through Childs & Wood, five members of Bowes & Co. have resigned as Class 1 members of the Chicago Board to become brokers. They are R. W. Tansill, H. E. Burton, R. H. Pentecost and Grover Nehls, who become brokers, and E. I. Fiery, who becomes manager of the Royal Indemnity. Three Bowes & Co. members are retaining their Class 1 membership. They are: J. P. Bowes, Jr., R. B. Rogers and I. W. Barnett.

* * *

INSURANCE STOCK COMMENT

Commenting on the insurance stock market situation, H. W. Cornelius of Chicago says: "The insurance stocks for the past week were higher despite the small volume of trading. The insurance stock market followed the trend of the New York bank stocks and big board issues. The insurance stocks average as computed by Hoit, Rose & Trosler of New York show advances from 47 to 57 during June, which further demonstrates the strength that has been the past week."

* * *

DEATH OF H. L. WAYNE

H. L. Wayne, veteran local agent of Chicago, who since 1915 had been connected with the H. L. Wayne Company, died unexpectedly last week. Funeral services were held Saturday and were attended by a number of insurance men, among them C. R. Street, western manager Great American, who had been a close friend of Mr. Wayne for many years. Burial was in Akron, O., where Mrs. Wayne is planning to make her home with a sister. Mr. Wayne was 63 years of age.

Mr. Wayne was born in Johnstown,

Super Organization of Executives Being Formed

(CONTINUED FROM PAGE 3)

dozen of the leading fire underwriters of the country agreed upon a reformative program and instructed their field staffs to observe it in letter and in spirit, they would control the situation; the smaller institutions perforce falling into line.

Dealing with broad issues only and not attempting to interfere with the assigned functions of associations already in existence, the proposed Insurance Executives Association could make itself a power for good in the fire insurance and related fields; duplicating perhaps the creditable work performed by the Association of Casualty & Surety Executives in casualty and surety circles since its creation five years ago.

Chapman Memberships in Louisville Board Sold

LOUISVILLE, July 8.—Louisville Board membership certificates held in the name of A. G. and G. K. Chapman, sold on public bids by referee in bankruptcy for the Chapman Insurance Agency, and the two partners, brought out but one bid for each, that being made by Frank Drake, attorney representing interests of the companies which were in the agency at the time of its failure. Mr. Drake bid \$100 on the membership of A. G. Chapman and \$25 on the membership of G. K. Chapman,

under sealed bid. There were no further bids and he received the certificates. The regular Board initiation is \$500, where an applicant for membership makes his application for membership with request for an outright new membership.

Jones with Newhouse & Sayre

C. W. Jones, Pacific Coast marine manager Home of New York, has joined Newhouse & Sayre, all-risk general agents, representing most of the Home companies. C. E. Roberts, formerly marine manager in New Orleans, is taking Mr. Jones' place. A. G. Thompson will succeed Mr. Roberts.



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VIEWED FROM NEW YORK

By GEORGE A. WATSON

PLAY COMPANY AGAINST COMPANY

While it would be idle to deny that many rates and rule infractions have been indulged in by some fire companies in their eagerness for premium income during the past six or eight months, the number of such violations are not nearly so numerous as street report asserts. Brokers eager to get the best possible rates and cover conditions for their clients are expert in playing one company against another and are none too scrupulous in their statements. In instances where companies have been accused of pledge violations, statements made most circumstantially have upon investigation proved to be absolutely groundless. If when reports alleging improper practices are made officials of the concerned companies would frankly call upon one another for the truth, much of the gossip now so harmful to the business would be stamped out. The average company executive is willing to make proper and prompt response to inquiries of such character, and invites rather than resents their being made.

SUMMER STILLNESS STARTS

Aside from hearing reports from several committees little of interest occurred at the most recent meeting of the Eastern Underwriters Association nor is it likely anything of importance will be determined upon until the organization again meets in September. Attendance at the latest gathering was restricted, a number of company managers being out of town. In the absence of President Milligan in the west, R. B. Ives, Aetna, presided.

REAL ESTATE INVESTMENTS

While real estate values on the average the country over have probably not suffered greater percentage depreciation than have stocks listed on the "big board," their non-liquid character has been emphasized since the present depression set in, and justifies the refusal of both fire and casualty companies to invest any considerable percentage of their assets in mortgages, despite the strong urging that they do so by Samuel Untermyer in the course of his public statements several years ago. Fire companies have constantly in mind the conflagration hazard, and casualty institutions the possibility of catastrophe losses, for the payment of which funds in such volume might be required as to

necessitate the prompt sale of securities.

The position of the life companies is entirely different. Institutions of this class invest for long term periods and rarely are in need of funds beyond the cash bank balances constantly carried.

The non-liquidity of real estate mortgages has long militated against their sale, and to such extent that a well considered program was mapped out by one of the large surety companies of New York City in 1925, proposing the creation of a real estate exchange at which mortgages could be bought and sold just as are industrial shares on the stock exchange. A somewhat similar plan was advanced by Dr. M. Nadler, research director of the Institute of International Finance, before the annual convention of the National Association of Real Estate Boards at Baltimore.

WALLACE REID & CO. UNION AGENTS

Wallace Reid & Co. have been appointed fire agents for the Union of Canton for the New York metropolitan district, including Brooklyn and the suburban field. The appointment was made by W. J. Roberts & Co., managers of the Union, who are responsible for re-entering the Union in the eastern field.

INLAND MARINE CONFERENCE

Representatives of the New York department were in conference with the executive committee of the Inland Marine Underwriters Association recently, and will hold a second session this week, with a view to determining the exact scope of the operations of the inland marine companies, and the limit to which they may go without violating the state law, or transgressing on classes of business that properly should be written by strictly fire or casualty offices.

The regulations governing marine insurance have always been extremely vague, and subject to various interpretations, hence the difficulty of defining clearly the scope of its activities. That the spirit of the law has been stretched out of all reason in times past is undeniable. It was because of this that the I. M. U. A. was formed. The insurance department threatened that unless the companies voluntarily corrected abuses in the conduct of their business statutory amendments would be sought that would enforce such procedure. With the department and the companies now seeking a

common understanding, there is little question that such differences of opinion as now exist will shortly be harmonized.

MISTAKE IN NAMING ASSURED

The New York appellate court in the 4th department, *Scutella vs. County Fire*, decided a case where husband and wife owned property as tenants. The County issued a policy covering a dwelling. The policy ran to the husband as owner. The house burned. The husband died while the action was pending. The court made an order directing the substitution of his wife as administratrix as plaintiff and further directed that she might be brought in as party plaintiff. The policy provided that no action shall be sustainable in court unless commenced 12 months after the fire. The objection of the company relates only to the bringing in of the wife individually, the contention being that the limitation is a bar to any individual claim by her. The court says that assuming that the policy ran to Joseph and Katherine "as tenants by the entireties," the question is, was the defendant's contract one which insured the individual interest of Joseph and the individual interest of Katherine as two separate and distinct matters, so that each had a separate and distinct cause of action; or was it one which insured as an entirety the combined and joint interests of both together, giving rise to a single cause of action vesting jointly? The court held that the latter was the contract. The non-joinder of Katherine in the action timely brought by Joseph was merely a defect of parties plaintiff, which might be remedied at any stage. While in this state there is no such thing as an estate by the entirety in personal property, there may be a joint ownership analogous thereto, at least so far as survivorship is concerned. The description of the insured in the reformed policy—"as tenants by the entireties"—may be taken as evidencing an understanding between all parties to the policy that the husband and wife were to be jointly interested. The order was affirmed.

MANY AGENTS ARE LOYAL

That local agents are not devoid of sentiment in the consideration of business affairs is attested by the persistency with which many cling to companies long in their agencies. Despite managerial changes, and even the adoption of ultra conservative underwriting policies, many agencies continue loyal to their old representation, and this often would seriously hamper agency operations if it did not represent more progressive institutions as well. In the sifting process that has been going on

among agencies in the last year, the temptation has been great to drop representation of companies with hide-bound classification and line sheets and with small facilities for local agents and frequently connections have been severed. Yet in scores of instances agents have held the supplies of unprogressive institutions merely because of an association of many years. It is true that the local men make little or no effort to increase the income of companies of this type, and yet they hold on to them as a matter of sentiment when cold business logic would induce surrender of the representation.

EAST HAS UNIFORM SYSTEM

Although they are interested in the success of the Western Conference of Improved Risk Underwriters and inspection bureau managers in preparing a system of uniform inspection reports for use throughout old Western Union territory, company members of the Eastern Underwriters Association see no need for extension of the plan in the east, as now a system of uniform inspection reports is in use throughout the jurisdiction of the organization. From time to time the wisdom of adopting a series of such blanks for use throughout the country has been suggested by various special risk underwriters, but the matter has never been taken up nor even proposed to higher officials.

Prior to formation of the E. U. A. in 1926, two leading bureaus were supplying inspection reports to member companies of the old Eastern Union, and a third performed similar service for non-affiliated carriers. With the launching of the E. U. A., however, the need for unifying and simplifying inspection reports was recognized, and the work was placed in the hands of specially qualified men, who speedily and successfully accomplished it.

While the inspection reports deal primarily with sprinkler equipped risks, they are not confined to such lines, but include all large properties on which particular information is desired by underwriters. The term "sprinklered risk department," formerly used by many fire companies, has been largely supplanted by the term "special risk division," which is of a broader application.

AGENTS "CLEANING HOUSE"

Agents all over the country are going through a process of house cleaning in their agencies. They have seen what has happened to fellow agents who sold insurance in companies not thoroughly seasoned and tried. They are also finding that important customers are scrutinizing insurance protection today with

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care and are demanding of the agents that the protection be placed in strong and tested carriers. In some cases agents are going back to some of these strong companies, abandoned during the prosperous days, asking for an agency franchise again. In many cases the companies which were abandoned when the easy going days were present are refusing to reenter these agencies. They fear that such agents will not stay put if another period, similar to that previous to 1930, comes again. Many agents who looked with envious eyes on the higher commissions being received by some of their creditors, but who stuck by their old companies, are now congratulating themselves that they need not go through a process of transferring a lot of business and making a lot of explanations.

* * *

TREND TOWARD BRANCH OFFICES

The independent local agent, who once flourished in New York City, is rapidly passing out of the picture. Within a few years, unless conditions markedly change, his species will likely become extinct, or virtually so. The pronounced trend is toward branch offices, a number of important companies having made such departure since the beginning of the year, while others are reported as being in progress. Local agents, save for the limited number well buttressed financially, find it exceedingly difficult to cover their overhead expenses and at the same time meet company balances, hence the growing disposition of the companies to open branches of their own.

* * *

CONNECTICUT FIRE FOLDER

A folder prepared by the Connecticut Fire contains a series of highly interesting tables based on the recent federal census. The population of continental United States in 1930 was 122,775,045, compared with 105,710,620 in 1920, a gain of 16.1 percent. More than a quarter of the entire population increase was concentrated in California and New York. Michigan, Texas and Illinois each made gains of a million or more within the decade, while Pennsylvania increased over 900,000 and Ohio and New Jersey each advanced more than 870,000. The population of every state is given, comparison being made of its 1930 and 1920 returns. Another table gives the names of cities in each state with population in excess of 25,000, together with the increase, both in number and percentage, in the past ten years.

* * *

CIGARETTE FIRES NUMEROUS

The increasing popularity of cigarette smoking is held accountable for the growing number of fires occurring in Greater New York each year. Of the 22,000 fires that occurred in the boroughs of Manhattan and Brooklyn in 1930, 5110 were in apartment houses and tenements, a large percentage of them being caused by the careless disposal of lighted matches and cigarettes.

From an interesting survey of fire statistics conducted by the metropolitan department of the Fidelity-Phenix it discovered that "depressed business conditions were partly responsible for the augmented fire toll last year, certain trades being particularly affected." The heaviest advances in the number of fires in 1930 compared with those of the preceding 12 months, according to the trade classifications the company states were as here given: Confectionery stores, 70 percent; ladies' furnishing goods stores, 63; shoe stores, 60; men's furnishings, 47; radio dealers and manufacturers, 42; stationery stores, 36; meat markets, 27, and retail fruit and vegetable markets, 25. Fires in buildings being demolished increased 32 percent; but outbreaks in buildings in course of construction fell off moderately as did the number in candy and tobacco stores and those involving docks and lumber yards. There were 4,383 fires in rubbish accumulations in cellars, yards and lots.

President H. K. Dent of the General of Seattle visited Denver last week.

Junior Fire Patrol Being Organized Now at Omaha

In cooperation with the local fire department, the Nebraska Fire Prevention Association is organizing a junior fire patrol in Omaha, with a goal of 1,000 members or more. Over 700 boys were present at the initial meeting which was held in the immediate vicinity of one of the fire stations.

The boys were marched in a body to a movie theater, where they were entertained with a showing of the talking

picture "The Third Alarm" and a comedy, following which they were addressed by Fire Chief Cogan, E. V. Neuberger of the fire prevention body and a couple of fire department instructors. The speakers outlined the work and explained to the boys what would be expected of them. The captains of the different patrols then reported back to the fire station, where they received the material to be used by their individual patrols, consisting of a captain's badge, the requisite number of inspectors' badges and books, and a couple of text books.

Enrolled in the various patrols are

the pick of the classes in the different schools. Mr. Neuberger believes that when classes are resumed after the summer holidays a dozen or more boys can readily be trained to make fire prevention talks before various civic and business men's organizations of the city, as well as to the pupils of the different schools, during Fire Prevention Week. This will be such a novel idea that it is felt these talks will accomplish much in spreading the gospel of fire prevention in Omaha.

Dorsett & Reagan have organized a general insurance agency at Gravette, Ark.

Special Agent

Wilkinson

says



"WE all want more business nowadays, but the question is, what are we doing about it? Ask any good producing agent for the Northwestern how his company helps him produce."

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Associated
Business Papers



Work of Genuine General Agents

AFTER declaring full sympathy of the AMERICAN ASSOCIATION OF INSURANCE GENERAL AGENTS with the American agency system, J. K. SHEPHERD, president of the organization, expresses surprise "that any of those who serve in the capacity of local agents should ever be misguided into a lack of appreciation for the possibilities of good to them and to their states of ethically conducted and efficiently managed department offices owned by and operated under the name of general agents."

Such criticism as has been voiced by local agents against general agents has been directed not against those qualifying for membership in the general agents' association, but against the unfair competition of local representatives given the title of general agents for no other reason than to warrant the payment by their companies of excess commissions.

General agents of the latter type make no pretense of seeking business other than that obtained locally, make no field appointments, do no supervisory work nor perform any of the functions that devolve on the legitimate general agent.

It is these pseudo general agents, appointments of which in Louisiana and Texas have been numerous of late, that incur the just condemnation of the majority companies as well as the strictly local agents, which practice, if not voluntarily corrected by the responsible offices, will likely engage the attention of supervising insurance officials.

The bona fide general agent, working on an overriding commission of 10 percent, fully 7 percent of which is expended in field development, must of necessity be a competent underwriter as well as an aggressive business developer, if he is to earn a contingent on which he must rely for any material profit from his efforts. Hence the favor with which general agents of the right caliber are regarded by many of the companies that can not afford the expense to which they would be subjected were they to attempt to cultivate far flung fields single handed. Through joining forces with other companies in a general agency, the development work in certain sections is made possible at minimum cost, and accounts for the freedom with which numerous offices favor the general agency plan.

Fighting the Ambulance Chasers

CASUALTY companies are confronted with ambulance chasing attorneys and doctors of uncertain reputation who act in concert with them. New York City has been regarded as the center of this activity. The authorities saw the scope of this work and they were aroused to action. A number of these were prosecuted and given prison terms. Others evidently have been silent or have sought other means of livelihood. In Boston and St. Louis gangs have been unearthed showing keen ambulance chasing proclivities. Transportation and

insurance companies naturally are the chief sufferers of these attacks.

The compulsory automobile liability insurance law of Massachusetts has undoubtedly stimulated damage suits. Boston in this way has become a veritable hot bed of ambulance chasing people. Casualty company officials are studying the situation as it develops in new centers. Where these sinister forces have gotten a foothold the authorities are being appealed to and it is hoped that public opinion can be aroused to the point where drastic action will be taken.

PERSONAL SIDE OF BUSINESS

J. Gilbert Leigh, vice-president of the L. B. Leigh & Co. general agency, Little Rock, Ark., has been chosen chairman of the committee of 24 which will have charge of the celebration in observance of the centennial of the city's incorporation the second week in October.

C. L. Newton, head of the Newton Food Specialties Company, who was the father-in-law of Vincent Gallagher, secretary of the America Fore companies, died suddenly at his home in Cincinnati.

Thomas F. Hagen, who was well known in the insurance district, died at his home in Chicago last week. He was brought up in the old western department of the Commercial Union and then was put in the Wisconsin field by his company. He traveled for a while for the Phoenix Assurance and later for the Sussex. He had been unable to get a position for the last year.

Mrs. Henrietta Wollaeger, 84, widow of Gustav Wollaeger, secretary of the Concordia Fire, died in Milwaukee last week.

Mrs. Hunter Davis of Nashville, Tenn., died suddenly July 2 of a heart attack. Mr. Davis was formerly manager of the Southern Adjustment Bureau but is now an independent adjuster of the firm of Davis & Hutchison, Nashville.

Ralph Newton, who has been in the insurance field in Trenton, N. J., has been appointed personal secretary to David Baird, Jr., Republican candidate for governor of New Jersey.

J. R. Sullivan, with the Wisconsin Inspection Bureau since its organization and chief engineer in the Milwaukee office for many years, died of heat prostration at his home in Milwaukee July 1. Mr. Sullivan was with the Milwaukee Board as a rater and inspector before his connection with the bureau. He was 75 years old.

Those in charge of arrangements for the recent annual gathering of the Toronto Blue Goose injected a taste of the trade in the menu. Some of the items were: Soup-sprinkler leakage, a la Francis, gumbo style; fish—P. E. floaters, laid in mortar; vegetables—(bean warranty) inherent explosion and automatic release permitted only if subject to 100 foot clear space and 30-day vacancy; and as a footnote: "The management has gladly consented to throw in riot and civil commotion without extra cost."

I. C. Faber, who is in charge of the western department of the Constitution Indemnity, and Special Agent George M. Eddy, Jr., of the Fire Association in Illinois were at Paducah, Ky., last week conferring with the mayor of the city. As a result the two Chicagoans returned decorated with military honors. It is now Colonel Faber and Major Eddy, both being appointed to military rank by Kentucky's famous governor.

R. J. Parker, newly appointed special agent of the Standard Fire of Hartford in Connecticut, is the son of Secretary J. M. Parker of the accident and liability department of the Aetna Life. The son was associated for a number of years with the New England Insurance Exchange and was manager of the rating office at Bridgeport, Conn. He graduated from Williams in 1920.

The Cincinnati "Enquirer" printed a picture of William T. and Thomas W. Earls, twin sons of W. A. Earls, well known Cincinnati agent, clad in graduation garb and talking to Governor Ely of Massachusetts on the occasion of their graduation from Holy Cross college, Worcester, Mass. William Earls

was president of the junior and senior classes and was last year's football manager. Thomas Earls was the ranking golf player of the college and was captain of the team. William is entering the life insurance field in Boston and Thomas is entering the marine business in New York City. They are grandsons of Thomas L. Gallagher, retired general agent for the Aetna in Chicago.

Herbert A. Payne, adjuster for the Home of New York in Indiana, has received the Verdun medal from the French government. He was a captain while in service.

R. W. Stuckenberg, secretary and treasurer of William Rodiek & Co., local agents at St. Louis, and Mrs. Stuckenberg are announcing the birth of a nine-pound son.

Vice-President R. C. Hosmer of the Excelsior Fire of Syracuse, N. Y., has been on an agency visit and is spending some days in Chicago. The Excelsior is one of the few companies that is showing an increase in premiums this year. May was one of the best months it ever had. The Excelsior keeps close to its agents and Vice-President Hosmer is out on the firing line studying conditions.

Mrs. R. K. Meeker of Milwaukee, wife of the Wisconsin state agent of the Svea, is recovering from a major operation at Summit hospital, Oconomowoc, Wis. Mrs. Meeker has been in a critical condition. The operation was performed June 24.

Norman G. Kohl, who was reelected to his second term as mayor of Coldwater, Mich., is cashier of the Southern Michigan National Bank and is a well known local agent. He served as city treasurer in 1928. Mr. Kohl was formerly an agent at Quincy, Mich.

The West Virginia Blue Goose is campaigning aggressively in behalf of Louis A. Johnson, a West Virginia gander, who is a candidate for national commander of the American Legion. He is a lawyer of Charleston, W. Va., a member of the firm of Steptoe & Johnson, which specializes in fire insurance litigation. The West Virginia Pond is getting the support of other ponds in behalf of Mr. Johnson and his friends in the Blue Goose are working among legionnaires who are not in the business.

Announcement has been made of the engagement of Miss Marie Bruenger of Cincinnati and H. H. Chittenden, Columbus, Ohio state agent for the Home of New York group.

Commissioner J. C. Kidd of Indiana has word from his son, George, that he is now established at Grenoble, France, where he will spend the remainder of the summer studying French. He will enter the University of Paris this fall and for two years will study foreign relations. He is a graduate of Indiana University, where he received his bachelor and master degrees. He is specializing in journalism.

H. C. Stebbins of Cobb, Miller & Stebbins, Denver, delivered a radio talk Monday over KOA, National Broadcasting station, on "Insurance, the Greatest Business in the World."

Frank M. Spratlin, president of Spratlin, Thomas & Harrington, Atlanta local agents, was elected president of the Atlanta Rotary Club this week. W. E. Harrington of the same agency was recently made vice-president of the board of Grady Hospital, a municipally owned institution in Atlanta. Both men in addition to being leaders in insurance affairs are prominent in civic activities.



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FIRE INSURANCE NEWS BY STATES

OHIO AND WEST VIRGINIA

Has Filed New Arguments

Much Interest in Effort of Cincinnati Automobile Club Insurance Exchange to Get License

COLUMBUS, O., July 8.—It is stated here that W. E. Benoy of this city, who represents the Motorists Mutual and the Cincinnati Automobile Club Insurance Exchange, in the attempt to get the latter licensed as an agent, has filed with the insurance department a new brief to enable the exchange to write casualty insurance. The Motorists Mutual is a small concern here and wants the exchange licensed as an agent. Mr. Benoy cites section 654-1 which says:

"Every insurance company organized under the laws of Ohio and transacting the business of casualty insurance shall certify . . . to the superintendent of insurance of this state the names and addresses of the persons authorized by it, as its agents, to solicit or place insurance. The authority of such agent shall continue until cancelled by the company by like certificate filed with the superintendent of insurance, unless the authority of the agent shall be revoked by the superintendent of insurance. The act further says: 'The superintendent of insurance shall record the names and addresses so certified in such manner that duly authorized agents and their respective companies may conveniently be inspected.'"

Mr. Benoy contends that under this section it is not necessary for the department to issue a license to a casualty agent as is required in case of fire and life. It is understood, however, that Mr. Benoy prefers to rest his case on section 644, which starts as follows:

"No person shall procure, receive or forward applications for insurance unless a resident of this state and duly authorized by the superintendent of insurance." The superintendent must satisfy himself under this section that the "appointee is a suitable person and intends to hold himself out in good faith as an insurance agent."

It thus appears that a new legal tangle may develop due in some degree to the fact that one section cited in the case, although passed by the legislature before another section, was not approved by the governor and certified to the secretary of state until after the later section had been approved and certified. In other words, the acts were approved by the governor in inverse order.

It is the contention of the applicants for the license to write casualty insurance that the "exchange" is a "suitable person" as required by Section 644, and will engage in the solicitation of insurance in good faith.

There seems to be a desire on the part of all the parties concerned in the case to reach some conclusion without undue publicity and with a minimum of feeling over the controversy. The case has become one of the most interesting the department has had to handle for some time and there have been intimations that no matter which side wins in the department of insurance, the contest will be carried to the courts for final settlement.

Plan for Ohio Firemen's School

The Ohio firemen's school will be held Sept. 21-22 at Ohio State University. The school is sponsored by the Ohio Fire Chief's Association. Both the state university and the Ohio Inspection Bureau are assisting to make the school even better this year than it was last year.

Rubrecht Is Made President

Annual Meeting of the Ohio Fire Prevention Association Brought Out Interesting Reports

H. L. Rubrecht, of the St. Paul was elected president of the Ohio Fire Prevention Association at the annual meeting in Columbus, Monday. Other officers are H. J. Manning, Ohio Inspection Bureau, vice-president, and D. P. Ely, Ohio Farmers, secretary-treasurer. The nominating committee members were W. C. Howe, E. A. Reid and A. E. Bulau. President Rubrecht at once announced that Paul F. Brown would be chairman of the executive committee.

Martin Vold, retiring president, recommended in his address that officers should be chosen from among members of the executive committee. He predicted that great benefits for fire prevention would be obtained by enlisting more cooperation from Boy Scouts and commended the work of the committee headed by F. O. Evert.

P. F. Brown, secretary, reported that during the past year the association had inspected seven cities with a population of 93,000. One hundred fifteen members were not present at any inspections. The Aetna and the Hartford had representatives at all inspections. The Home, National and Springfield were represented at six meetings.

A suggestion by Alvin Bulau, chairman of the U. S. Chamber of Commerce municipal contest committee, that the Ohio association plan and carry through a state, town and city fire prevention contest, received favorable comment. Only 58 Ohio cities are eligible to enter the contest, leaving far more cities and towns outside than inside the eligible list. Mr. Bulau would give a plaque in recognition of winning first place and mention five additional towns for making unusual records. He said the work could be carried on without calling for aid from field men already promoting the national contest. He named three advantages to the insurance business: (1) The formation of intimate and valuable contacts with business men; (2) promotion of fire prevention, and (3) initiation of association town inspections on the part of local citizens who would want the inspectors to come in order to aid in winning the contest. Mr. Bulau's plan was referred to the incoming executives.

Virgil Souders, contact man for Lakewood, where the chamber grand prize went this year, was praised by Chairman Bulau who also proved that all of Ohio's 58 contact men had been more active this year than in 1930.

To Salvage Liberty Plant

J. R. Jones of Dayton Will Transfer the Agents and Business to Federal Surety

J. R. Jones, former president of the Liberty of Dayton, O., and now vice-president of the Federal Surety, was in Davenport last week and stopped at Chicago en route home. Mr. Jones will undertake to salvage as much of the old Liberty plant as possible. The Federal Surety has taken over the assets. The Liberty had built up a good plant in a number of states. Mr. Jones will give his immediate attention to endeavoring to swing old Liberty agents to the Federal Surety. The Federal Surety can write full cover automobile insur-

Gained Fame with Famous Milwaukee Declaration



O. G. STRONG

O. G. Strong, who has opened his agency at 816 Union Trust building, Cleveland, has decided on a personal production program and will not burden himself with administrative details. Mr. Strong has made a careful study of substantial insurance in its various forms. He was vice-president of the James & Manchester agency and head of its casualty department. At the time the National Association of Insurance Agents met in Milwaukee a few years ago Mr. Strong was chairman of the resolutions committee which brought in the famous "Milwaukee declaration." The committee made itself famous because of the brevity of its report. There was no other subject touched than that of company loyalty to the association principles.

ance including all fire and casualty lines. Vice-president Jones will continue to have his office in the building where the Liberty headquarters were established.

Issue Settled for a While

Insurance Men Do Not Look for Ohio State Automobile Association to Be Antagonistic

COLUMBUS, July 8.—Insurance men feel confident that the Ohio State Automobile Association will not be militant during the coming year at least in promoting the plan of using local automobile clubs as insurance adjuncts. The agents were very much interested in the recent meeting of the state association at Cedar Point. While it is claimed that the president and first vice-president, Linn Timmerman of Lima and Ralph Dugdale, are somewhat favorably inclined toward using automobile clubs for insurance purposes, the remainder of the ticket is made up of the group that is opposed to such a move. The ticket elected was what is known as a harmony ticket but the understanding is that the state association will not lend its good offices toward any insurance program.

There was a large representation of insurance people from different sections of the state representing local boards. President J. E. Greenwood of Warren and Secretary W. H. Tomlinson representing the Ohio Association of Insurance Agents officially were present. Men representing the new Ohio Insur-

ance Protective League were active in the meeting. The insurance men intend to keep in close contact with the state automobile association and prevent if possible any tendency toward using local clubs for insurance purposes.

Tribute to Mt. Blanchard Agency

The Maryland Casualty "Budget" says in regard to the Line & Davenport agency of Mt. Blanchard, O.:

"The Line & Davenport agency of Mt. Blanchard, O., has the honor of having a mayor in its firm, and of having on its books \$4 in casualty and bonding premiums for every inhabitant in the city. The members of the agency are Jacob Line and Robert Davenport. Robert Davenport is the member of the firm who guides the destiny of the city in the office of mayor. He believes that the city of Mt. Blanchard is the best municipality in Ohio, and that every citizen should carry only the best protection in the best companies. This agency refuses to represent any cheap companies."

To Speak on Farm Fire Prevention

D. C. Smith, farm special for the Continental in Ohio, will speak on farm fire prevention the evening of July 20 over Columbus radio station WEAQ. Mr. Smith is chairman of the farm fire prevention committee of the Ohio Fire Prevention Association.

Quaid Will Be Speaker

William Quaid, executive vice-president of the Southern Fire, will be one of the speakers at the Ohio agents' convention at Cedar Point in August.

Companies Licensed in Ohio

Companies recently licensed in Ohio include the Middlesex Mutual of Concord, Mass., and the Quincy Mutual of Quincy, Mass., and the Kansas City Fire & Marine.

HAMILTON COUNTY INSURANCE

Hamilton county commissioners, Cincinnati, are now allocating the insurance business of the county by means of a drawing held whenever any business becomes available. Agents of the county are invited to come to the court house and to draw with all others. Twice the commissioners have given out business in this way. So far the risks insured have been small. At the drawing last week, the business was given to The Groesbeck-Dickson-Kahn Agency. At the previous drawing, the business went to the W. P. Dolle Agency. No favoritism is shown. Both agents and commissioners seem to be satisfied with the plan in operation.

Ohio Notes

Chesapeake, O., recently passed an ordinance making the Ohio Inspection Bureau the official electrical inspection authority for the town.

The Acme Insurance Company of Akron has been incorporated by L. C. Weingart, C. B. McDowell and Mabel A. Smith to conduct an insurance agency.

William Knobel, former solicitor for the Jacob Keller & Co. agency, Cleveland, has become a partner in that company. He has taken over the interests of C. L. Denison.

Willford Holcomb, Inc., has taken over the insurance division of the Eaton Handy Harpham Company at Akron, O., and has moved to its new location 1114-1115 Second National building.

H. C. Millar has purchased the E. P. Cotton agency in Athens, O. Mr. Millar formerly was associated with Mrs. Maude L. Fenzel in the Fenzel & Millar agency. Mr. Cotton is moving to Zanesville.

LOYALTY GROUP

TRUE OPTIMISM

True Optimism is Faith; Faith in Humanity; Faith in the Nation; Faith in its Institutions; Faith in Yourself; Faith in the Present; and Faith in the Future.

False Optimism is Hope based on Desire.

Pessimism is compounded of lack of Faith in all that True Optimism is founded upon, and is acknowledgment of unbelief in self, too often coupled with the wish to profit through the misfortunes of others.

History, that Just Judge of Humanity, reads the record and inexorably records the verdict.

The Verdict is, always has been, and always will be that True Optimism is justified and its results proven; that False Optimism cannot last because of its unsound foundation; and that Pessimism cannot prevail, but must ever fail because of its inherent untruth and viciousness.

History records that the world progressed, and was in every way better and more prosperous in the year 100 than in the year 1 A. D. History records that the world progressed, and was in every way better and more prosperous in the year 1000 than in the year 100 A. D. History records that the world progressed, and was in every way better and more prosperous in the year 1900 than in the year 1000 A. D. and History will continue to record the progress of the world, and this record will show the year 2000 in every way better and more prosperous than the year 1900 A. D. It is reasonable to believe, and it is wise to believe, and most people do believe that the year 1931 will be in every way better and more prosperous than the year 1930. Voice, therefore, your belief by word and act and aid it to come true in fullest measure.

Almost two thousand years ago a wise teacher and leader of men said:

"Now Faith is the substance of things hoped for, the evidence of things not seen".

Today Faith is as then. Today, as then, True Optimism is Faith. Thinking men must be and are True Optimists. That individuals have suffered misfortunes in the past and many have succumbed, and that individuals will suffer misfortunes in the future and more will succumb, cannot be denied, but such misfortunes, however hard for the individuals, are after all individual misfortunes and will not, in fact cannot stay the world march of progress and prosperity.

Do not be ashamed of your True Optimism, and do not be afraid to express it because you fear some pessimist may ridicule it and tell you that some day he will say "I told you so". Have courage and make known your True Optimism by voice and deed; make known your Faith in Humanity; make known your Faith in your Nation; make known your Faith in the Future; make known your Faith in Yourself; and make known your Faith that the tide has turned and that Prosperity has its hand stretched to knock at the door, and will surely enter if we but heed it, instead of harkening to cowardly fear.

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CENTRAL WESTERN STATES

Plans for Michigan Rally

State Local Agents Convention at Grand Rapids Will Have Some Interesting Features

By GEORGE BROWN
Executive Secretary, Michigan Association of Insurance Agents

There will be several departures from routine at the coming annual meeting of the Michigan Association of Insurance Agents in Grand Rapids, Sept. 9-10.

The most striking change will be in the program features. State association conventions have, it is generally believed, been running too much to set addresses and "canned" speeches. While it's true that the Michigan meetings have for years been distinguished for the personal presentation of live subjects of education and information by nationally known men in the business, the point has been overlooked that the momentous shifts and changes that have marked and disturbed the business during the past five years have not been given sufficient attention.

Wants an Elastic Program

The governing committee feels that the situation calls for an elastic program that will permit open discussion by the men most concerned, the agents who are being shaken out of routine by the ever recurring developments and who are often at a loss how to meet them and how to overcome the changing conditions. The officers and the secretary's office have been called upon more in the last six months than in any preceding couple of years.

Some Engrossing Subjects

The best talk of the day on how to place six point cover; how to establish a life or an accident department in the agency; how to get and hold solicitors and so on, doesn't help the puzzled agent in the matter of branch office competition; the messy work done by part time and curbstone unqualified peddlers; the problem of mixed stock and mutual agencies which not only involves the ethics of the business but which deeply concerns the membership of the organization; the problem of adequate financing of the association; the puzzling phases of eligibility; the very recent birth and growth of the reciprocity idea; methods to secure cooperation with companies pledged to the American agency system; the proper functioning of the local boards.

Arrangements to Be Made Locally

Another change will be in that of the management of the assembly. Hitherto the local committee has had entire charge of local entertainment, the dinner, the hotel accommodation and the minor details while the governing committee selected and invited the feature speakers. This plan, traditional and customary as it has grown to be, has not always resulted in a properly balanced program. This year the entire program will be prepared and carried out by the Grand Rapids association which shoulders the entire responsibility, the governing committee participating in an advisory capacity only.

The governing committee and the Grand Rapids association are desirous of dissipating any impression that there is any ill feeling between the agency force and the companies. The policy of the National association in bringing about conference and cooperation with company managements is heartily endorsed and the rumor that company executives and representatives are not wanted at the open sessions of the convention has no basis in fact.

The Gary Trust & Savings Bank, Gary, Ind., did not open its doors and the examiners of the state banking department are in charge of its affairs. It has an insurance agency.

Drop Deputy Fire Marshals

Michigan Insurance Department Budget Cut by Governor—Provide for Company Examiners

LANSING, MICH., July 8.—Despite the fact that the big fire companies pay to the state in taxes three cents out of every dollar collected in premiums, yielding a net revenue to the state running into the millions, the insurance department's biennial budget, as approved by the recent legislature, was so pared by Governor Brucker that it has been found necessary to drop two deputies from the fire marshal's division. This division, since its transfer a few years ago from the department of public safety, has been doing some notable work and has held the arson rate down even in the stringent financial times since the fall of 1929.

While the reduced budget will undoubtedly limit to some extent the fire marshal's operations, a new item which the governor approved will prove most beneficial to the insurance department as a whole. This is the provision for a revolving fund to take care of the expenses of the department's examiners as they are incurred. In the past, the department has been forced to pay out this money from its appropriation but when the companies bearing the examination expense repaid the money it went into the general fund of the state instead of being returned to the department.

East Chicago Criticized by the National Board

The gross fire loss for the past five years in East Chicago, Ind., was \$886,749, with an average loss per fire of \$732, "a moderate amount" and average loss per capita of \$3.58, "a moderately high figure," the National Board reports.

The water supply is adequate and fairly reliable; available quantities are considerably limited in some sections by poor distribution systems. The fire department is inadequate for proper protection. The fire alarm system is inadequate, with several features of unreliability.

Serious individual to group fires are probable in many blocks of the mercantile district owing to the prevailing construction, weak in fire-resistive features, and somewhat inadequate fire fighting facilities, but the fair street widths, low heights and good accessibility are mitigating features, and no considerable portion of either district should be involved. In the manufacturing districts, individual or group fires only are probable.

Michigan's Examining Power Is Increased by New Fund

Michigan agents are pleased with the creation of the \$5,000 revolving fund for the examination of out-of-state insurance companies, which was set up by the legislature of that state. The fund may be spent for the purpose of paying such expenses of the department incurred in connection with the examination or other investigations of any insurance companies as such insurance companies are obligated to reimburse the state and the per diem salary and expense of such employees as are authorized by the commissioner of insurance to examine foreign companies. All of these per diem salaries and expenses are to be paid out of the revolving fund upon the warrant of the auditor general, and all money paid by any companies for the purpose of reimbursing

the state shall, when received by the state, be credited to the revolving fund and be reappropriated.

Michigan has been handicapped in the examination and investigation of foreign companies because every examiner of Michigan must be an examiner of that state. Senator Alex Cowan of Port Huron, who is a well known local agent in the state, and Representative James Wilson, Kalamazoo agent, took the leadership in getting the revolving fund put up.

Farm Problems Discussed at Evansville, Ind., Meeting

The farm department of the Fidelity-Phenix held a meeting at Evansville, Ind., which was attended by about 25 farm representatives in that part of the state. I. D. Goss of Chicago, manager of the farm department of the America Fore companies, and C. A. Alexander, agency superintendent, were present. C. A. Cook, Indiana state agent of the farm department, presided at the business sessions. Special Agents D. V. Cook and M. B. Radcliff of Indianapolis were also present, as was also S. W. Cook, former farm state agent at Evansville for many years, but now retired. The farm problems of the company and its policy for that part of the state were discussed.

Code Revision Vetoed

MADISON, WIS., July 8.—Because of reported efforts by interested persons to insert extraneous matter in revision of the insurance laws, Governor La Follette has vetoed the code revision bill, which was the result of an interim committee's study. The bill as passed had been approved by all insurance interests, the Wisconsin department and the reviser of statutes.

Change County Plan at Evansville

EVANSVILLE, IND., July 8.—A sweeping change in handling insurance on buildings and equipment in Vanderburgh county, as a result of the recent change in personnel of the board of county commissioners was seen when the board slashed two-thirds of an appropriation for payment of premiums for the next three years. The county auditor told the commissioners it was planned to take an inventory of county property immediately and he felt sure that the blanket policy plan would provide greater coverage for less cost than under the present plan.

Michigan Licenses Still Strong

LANSING, MICH., July 8.—Licensing of agents continued apace in Michigan in June, with about 2,000 licenses issued. A very large percentage, however, were persons either already holding licenses for some company or previously licensed.

License Hearing to be Held

LANSING, MICH., July 8.—Flint automobile dealers who protested recently to Governor Brucker because they have been deprived of insurance licenses are to be given a hearing here tomorrow by department officials.

Illinois Notes

The Williams-Manny Company at Rockford, Ill., has changed its name to Williams-Manny-Stevens & Engstrom.

P. B. Carlson and E. E. Peterson, operating as the Batavia Insurance Agency, Batavia, Ill., have taken over the Nels Herman agency of that city.

George R. Pritchett of Grand Rapids, Mich., special agent American of Newark, is being congratulated on the arrival in his home of a new boy.

The Bankers Insurance Agency, South Bend, Ind., has been incorporated by J. O. Poulsen, F. G. Coffield and D. A. Nichols.

STATES OF THE NORTHWEST

Mutuals of Northwest Meet Warns Against Cheap Cover

W. A. Laidlaw, Minnesota Farmers Mutual, and R. S. Ritchey, Advertising Man, Are Headliners

MINNEAPOLIS, July 8.—About 100 executives and agents are gathering here Thursday and Friday for the annual convention of the Northwestern Association of Mutual Insurance Companies.

"Combining Safety and Profitable Yield in Investments" is being discussed by W. A. Laidlaw, Minnesota Farmers Mutual, Minneapolis. R. S. Ritchey, head of a local advertising agency, will address the delegates on "Advertising and Selling Mutual Insurance Coverage" at the Friday session.

A plan for a clearing house for information on undesirable risks and undesirable agents will be discussed.

The annual banquet will be held Thursday and officers for the coming year will be selected at the Friday session. The present officers are C. L. Stillman, Wisconsin Automobile Mutual, Monroe, Wis., president; W. H. Scallan, Druggists Mutual, Mitchell, S. D., vice-president; F. P. Sager, Austin Mutual, Minneapolis, secretary, and D. O. Milligan, Western Grain Dealers Mutual, Des Moines, treasurer.

Thursday

Farm Situation, by W. R. Crouse, Farmers Union Mutual, Des Moines.

Elimination of Undesirable Risks and Agents Through Use of Mutual Information Service, by L. N. Schoonover, National Implement Mutual.

General discussion regarding mutual information uniform methods of operation, etc.

Evening banquet—Speaker, Lawrence Hawthorne, writer and lecturer.

Friday

Combining Safety and a Profitable Yield in Investments, by W. A. Laidlaw, Minnesota Farmers Mutual.

Hard Times vs. Moral Hazard, by R. H. Shutz, supervisor Northwest Division Retail Credit Co.

Advertising and Selling Mutual Insurance Coverage, by R. S. Ritchey, R. S. Ritchey Company, sales and advertising counselors.

What Future May Hold in Automobile Insurance Underwriting, by R. A. Bradberg, Employers Mutual Indemnity.

Obtaining Maximum of Safety in Underwriting, by H. L. Hertzstad, Citizens Fund Mutual Fire, Red Wing, Minn.

Developing Sound Financial Practices Among Companies, by John Gunn, Jr., Employers Mutual Casualty, Des Moines.

Northwest Business Conditions, by O. S. Powell, Statistician Federal Reserve Bank, Minneapolis.

Method of Combating Stock Company Propaganda, by W. J. B. Janisch, Lumbermens Mutual Casualty, Chicago.

Commissioner Brown Explains Work of Minnesota Insurance Department in Radio Talk

ST. PAUL, July 8.—In a radio talk recently Commissioner Brown of Minnesota warned his listeners to beware of "cheap insurance offered by mail." He explained that the department has no power over companies not licensed to do business in Minnesota but which nevertheless solicit it by mail and radio.

In explaining the work of his department, Commissioner Brown said that last year it made 15,744 fire inspections, issued 1,651 orders for the removal of hazardous conditions, investigated 237 suspicious fires and arrested 25 persons charged with arson, of whom 14 were convicted. During the year the department examined 29 domestic insurance companies and assisted in the examination of 11 foreign companies.

Commissioner Brown said that premium taxes collected in Minnesota have increased 100 fold since 1872, or from \$18,000 in 1872 to \$1,896,252 last year. Fees paid by insurance companies for examinations, etc., increased from \$1,102 in 1872 to \$159,697 last year.

Average Loss Per Fire and Per Capita in Kenosha Low

The gross fire loss for the past five years in Kenosha, Wis., was \$334,567 with an average loss per fire of \$238, "a low amount" and with an average loss per capita of \$1.61, "a low figure," according to the National Board.

The water supply works are declared to be generally adequate with some unreliable features; adequate quantities for engine supply are available in most districts. The fire department is fairly well equipped but seriously undermanned. The fire alarm system is well maintained but inadequate and has some unreliable features.

In the principal mercantile district, construction, lacking in fire resistive features, makes severe individual to group fires probable. The water supply is generally adequate, heights are low and accessibility good so that the fire department, though undermanned, should be able to prevent a fire extending beyond the block of origin.

Hearing on Beloit Fire

MADISON, WIS., July 8.—Commissioner Mortensen has cited about 50 fire companies interested in the Beloit fire

which occurred last December 1930, to appear July 15 and show cause why this loss should not be paid. The explosion and fire destroyed nearly \$500,000 in property. The companies on the loss have not paid any claims as yet.

Twin Cities Losses Lower

ST. PAUL, July 8.—Minneapolis and St. Paul fire losses both showed a slight decline in 1930, according to the annual report of Commissioner Brown.

The Minneapolis loss ratio was 61 percent compared with 62 percent as its long time average and the St. Paul ratio was 65 compared with 68. The loss ratio for the entire state was 59 percent, 2 percent higher than the average.

End Compulsory Hail Cover

A new North Dakota hail insurance law, effective July 1, does away with compulsory state hail insurance and the listing of all land by assessors. Formerly all land was listed and the owners who did not wish state hail insurance were compelled to withdraw their land. Under the new act, those who wish the insurance may make application for it.

May Cancel Mutual Policy

MADISON, WIS., July 8.—Any member of a town mutual in Wisconsin may withdraw at any time by returning his policy with a request for its can-

cellation written thereon, or by a notice in writing over his signature to the president or secretary, and by paying his share of all claims then existing against the corporation, according to a law signed by Governor LaFollette.

Push Organization Work

MILWAUKEE, July 8.—Officers of the Wisconsin Association of Insurance Agents are carrying on their activities in membership and organization work through the summer.

Local agents at La Crosse are forming a local board and will soon perfect organization, according to word received by Secretary J. G. Grundle. Agents at Wisconsin Rapids have requested that a speaker be sent there in September, preliminary to organizing a local board.

Freedy Opens Madison Office

M. A. Freedy has established his office as Wisconsin general agent for the Alliance, National Security and Lafayette Fire at 15 West Main street, Madison. He is sharing space with the Commercial Insurance Agency. Mr. Freedy is allowing himself no respite after resigning as Wisconsin commissioner to re-enter the fire insurance field. He spent a day or two in Chicago, conferring with western department officials of the North America, and this week is sawing wood.

IN THE MISSOURI VALLEY

St. Louis Amendments Are Up

Free Transfer of Membership to Widow Approved by Executive Committee of Fire Underwriters Association

ST. LOUIS, July 8.—The executive committee of the Fire Underwriters Association of St. Louis has approved several proposed amendments to the constitution and by-laws of the organization which will later be submitted to a vote of the entire membership.

One change permits the transfer of membership of a deceased member to his widow on approval of the executive committee without the payment of a new membership fee. A provision is also suggested to cover the recently created class of apprentice solicitors. Apprentice solicitors have four months in which to determine whether they are fitted to continue in the insurance business.

Another proposed amendment covers the registration of officers of building and loan associations and provides that such officers may be registered as representatives of building and loan associations for the payment of brokerage commissions on insurance covering

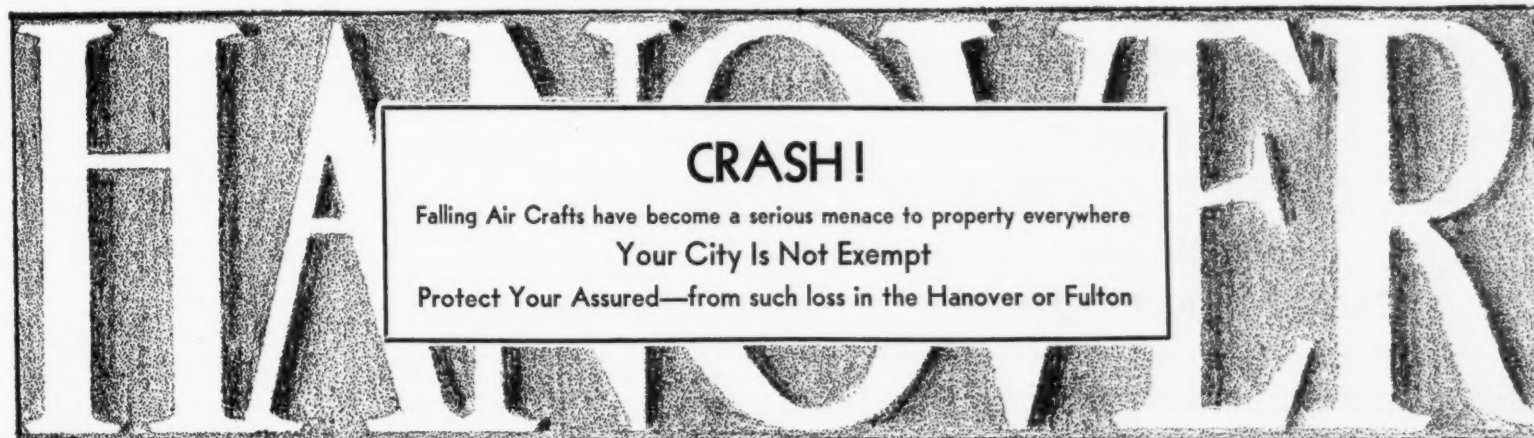
buildings, rents and leases only on property on which the building and loan association has negotiated a loan, and providing that no commission or allowance will be made at any time to the building and loan association which they represent. Such members would have to pay annual dues of \$10 in advance.

L. C. McCord Named General Adjuster for Nebraska

L. C. McCord, who has been attached to the Omaha office of the Western Adjustment since 1927, has been appointed to the newly created position of general adjuster for Nebraska of the Western Adjustment. His headquarters will be in Omaha, but he will have authority to operate throughout the entire state. Prior to his connection with the Western Adjustment, Mr. McCord was staff adjuster for the Home of New York in Iowa.

Clark Names Examiners

DES MOINES, July 8.—Commissioner Clark has announced his appointments of examiners. The principal de-



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parture is the appointment of three men as actuaries in the life department. C. C. Kirkpatrick of Iowa City, actuary under former Commissioner Yenter, continues in charge of the life examinations. F. J. Hogan of Tiffin and Otto Gross of Lincoln, Neb., also are given the rank of actuary. The life examiners are Fred Wilbois, Harry Van Aken, N. H. Armstrong, Leon Greenberg and State Senator C. G. Cole.

The fire and casualty examiners are J. L. Gillstrap, chief examiner; G. E. Perkins, H. P. Huxley, R. K. Franklin, S. C. Ragan, Wade English and C. R. Merrill.

Conditions at Leavenworth

The engineers of the National Fire Protection Association report unfavorable conditions at Leavenworth, Kan. The engineers say that fire protection facilities are deficient.

Iowa Notes

K. W. Brown has purchased the local agency of Roy G. Mayer at Jefferson, Ia.

Lloyd H. Mulholland of Webster City, Ia., has purchased the F. E. Beshey agency.

The Farmers Mutual Hall of Iowa has absorbed the Harvester-Horticultural Mutual, both of Des Moines.

J. H. Brenneman has purchased the insurance business of the late U. S. Hawthorne, Ottumwa, Ia.

The Bartley-Kissick Agency, Oskaloosa, Ia., has bought the C. D. Gordon agency there. Mr. Gordon remains with Bartley-Kissick as a solicitor.

J. H. Brenneman, Ottumwa, Ia., has the agency of T. F. Norfolk. This is the sixth agency to be purchased by Mr. Brenneman during the past few months.

Alan Jensen, son of the late J. W. Jensen, Spencer, Ia., will continue his father's insurance business. The elder Jensen was found dead in his garage March 21.

Charles Fischer, formerly of Onawa, Ia., and recently superintendent of agencies for the Farmers Mutual, has been appointed superintendent of the state security department.

The William C. Hirst Insurance Agency has been incorporated in Waterloo, Ia., by W. C. Hirst, president and treasurer;

A. M. Lyndon, vice-president, and N. E. Lyon, secretary.

Insurance rates at Newton, Ia., have been reduced from 6 to 9 percent on mercantile risks and approximately 9 percent on residents. Newton is in class six.

Walter Grau has purchased the insurance business of H. J. Nath at Denison, Ia. Mr. Nath is now in the field for the National Fidelity of Kansas City and will continue to make headquarters in Denison.

Woodbury Sanborn and his son John, formerly of the Sanborn Company, have withdrawn from the McManus-Bennett-Murdoch Co. agency, Sioux City, Ia., and reopened their own offices at 311 Warrack building.

Nebraska Notes

E. H. Polley, for a number of years prominent in the mutual field in Nebraska and organizer of the Seward Mutual, died at San Diego, aged 82.

G. A. Lulkaert has been made manager of the insurance department of the Federal Trust Company at Lincoln, Neb., changes being necessary because of the recent death of President C. E. Reynolds, which compelled readjustment of department heads. Mr. Lulkaert until a year ago was in the insurance business in Wyoming.

Missouri Notes

Joseph McGee of Thomas McGee & Sons, Kansas City, Mo., has been elected secretary of the city bond advisory committee.

Mrs. R. E. Truman, wife of the special agent for western Missouri of the National Board, died following a major operation at a Kansas City hospital.

A. E. Sawyer, formerly a solicitor for the Acme Insurance Agency Company, St. Louis has become a member of the firm. Other members are W. A. Jack and L. C. Vogel.

Max Kolker, formerly with the Reliable Insurers, has formed the Kolker Insurance Agency in St. Louis.

W. S. Hocker, Jr., has joined the McGann Adjustment Company, Kansas City, Mo. He was formerly with Lyle Stephenson.

W. O. Woodsmall, Missouri state agent for the Fire Association, has moved his office from the Exchange building to the Ridge Arcade, Kansas City.

A new rate book has been published for Ottowa as Class 6 National Board by the Kansas Inspection Bureau.

STATES OF THE SOUTHWEST**Fire Prevention Award Made**

F. E. Beazley, Connecticut Fire, Given Loving Cup as Leader in Oklahoma Activities

OKLAHOMA CITY, July 8.—F. E. Beazley, state agent Connecticut Fire, made the highest score in fire prevention work in Oklahoma for the year ending June 1, with 1,840 points, and was awarded a silver loving cup known as the Carl C. Lund trophy, presented by Mr. Lund, president. C. M. Smith, Springfield, was second with 426 points. Others given honorable mention were P. J. Slater, American Fore; J. J. Jones, Phoenix of London; C. W. Marth, Springfield; J. E. Wilkinson, Trezevant & Cochran; V. L. Eaton, Twin City; A. E. Pickens, St. Paul; G. W. McCoy, Fireman's Fund; F. C. Newcomer, Cotton Association; George Wyatt, Hartford; H. C. Seitz, American Central. Norman Nelson, president American Standard, was given special recognition for his activities in broadcasting fire prevention information.

President Lund's report revealed greater activities than in any previous year, with 1,098 risks inspected, 87 percent of which were defective. About 40 percent of the recommendations made have already been complied with.

Victor E. Russum of Fayetteville, Ark., has combined his agency with that of Edgar Campbell under the name of the Russum-Campbell agency. Mr. Russum formerly was in the editorial department of The National Underwriter in Chicago and then was manager of the Manhattan Life in that city.

Acts Against Corporations

Secretary Oklahoma Insurance Board Explains Why Move Is Made to Stop Corporate Agencies

William Murdock, secretary Oklahoma insurance board, has explained the grounds on which the board will take action to prevent corporations and associations such as building and loan associations, mortgage and investment companies, finance companies and installment houses from engaging in the insurance business. In brief, action against these institutions will be taken on the ground that under the Oklahoma law, corporations cannot be agents of insurance companies; neither can they be brokers because a broker is not recognized under the Oklahoma law.

"Loan companies' applications for insurance," Mr. Murdock stated, "contain a provision that they shall have the right to place the insurance upon the property at the expiration of the pending insurance and on renewals thereof.

No Authority Exists

"The board has no jurisdiction over loan companies as such. Under the statutes a corporation cannot be an agent of an insurance company. Therefore the loan company would have no such authority to become a soliciting agent for any insurance company.

"They cannot be deemed a broker because a broker is not recognized under the Oklahoma law, which provides that any person who shall solicit and procure an application for insurance shall, in all matters relating to such application for

insurance and the policy issued in consequence thereof, be regarded as the agent of the company issuing the policy and not the agent of the insured, and all provisions in the application and policies to the contrary are void and of no effect whatever.

"Therefore in the matter of entering into contract with individual borrowers providing for the procuring of insurance, a loan company is attempting to become a soliciting agent which is prohibited by law because the individuals soliciting on their behalf have not been licensed as agents for any given company."

"The supreme court of Oklahoma says that under proper conditions the insurance agent may be acting as the agent of the insured but in any event where the loan company enters into a contract to procure insurance for borrowers they are operating unlawfully under the statute and are amenable to the jurisdiction of the board."

Mr. Murdock concluded by quoting a statute providing that any contract of insurance made by any company or person not having complied with the laws in the matter of obtaining a permit or license is void.

Muskogee Fire Department Is Hit by National Board

The fire department of Muskogee, Okla., is declared by engineers of the National Board to be undermanned, under equipped and not sufficiently trained. The fire alarm system is inadequate with serious features of unreliability. The water supply is from an adequate source but has some unreliable features and the available quantities are mainly adequate in important districts but considerably limited in some districts by small mains.

In the principal mercantile district, weak construction, lacking in fire resistive features, makes serious individual or group fires probable in most of the district.

Although fire fighting facilities are somewhat inadequate, heights are low and accessibility good, so that fires should be confined to the group or block of origin.

The gross fire loss for the past five years amounted to \$606,703 with the average annual loss per fire of \$417, "a low figure," and the average annual

loss per capita \$3.85, "a moderately high figure."

South Texas Pond Elects

SAN ANTONIO, July 8.—At the annual meeting of the South Texas Blue Goose the chief features were addresses by H. L. Rose of Baltimore, most loyal grand gander, and D. M. Pollard of Beaumont, deputy most loyal grand gander, who presented a P. M. L. G. jewel to O. S. Cooke, retiring most loyal gander.

Officers elected were: Eugene Branch, most loyal grand gander; W. S. Ellis, supervisor; Julian Fruit, guardian; Charles Williams, custodian; L. F. Dakin, keeper, and R. A. Hickman, welder. Three goslings were initiated.

Wright Heads Texas Pond

DALLAS, July 8.—R. U. Wright was advanced from supervisor to most loyal gander of the Texas Blue Goose at the annual meeting in Dallas. Other officers are: R. C. McConnell, supervisor; L. B. Hughes, custodian; A. F. Meren, custodian; Ernest Shoen, keeper, and A. R. Haynes, welder. Several members were initiated.

The feature address was delivered by H. L. Rose, most loyal grand gander. He said there are now 8,100 members of the order, 382 of them in Texas.

Texas Notes

Harold Choute, south Texas special agent of the Springfield Fire & Marine, after eight weeks of confinement to his bed, is again at his desk. He is, however, going on crutches because of arthritis.

W. L. Stiles, president of the San Antonio Insurance Exchange, has been elected treasurer of the Lions Club. Mr. Stiles was the organizer and first president of the club, serving in that capacity for several years.

C. O. Sawtelle of the Sawtelle, Church & Smith agency has been elected first vice-president of the San Antonio Builders Exchange. Mr. Sawtelle is also a director of the organization, representing the insurance and surety classification.

Arkansas Notes

A. J. Wilson, former bank official at Little Rock, Ark., will open a new agency there.

The southern farm department of the **American of Newark** has suspended operations in Arkansas.

IN THE SOUTHERN STATES

Slight Improvement in South

First Quarter Figures Show Increase in Losses—Vacant Dwellings and Moral Hazard Responsible

ATLANTA, April 22.—The first quarter of 1931 has brought but slight encouragement to fire underwriters in the south and whatever hope there has been lies toward the future and not on the records of the past. On every hand incoming reports swell the loss figures, particularly on vacant dwelling property. This line has reached a stage of acuteness. Company men, special and local agents have combined their efforts in finding a solution but apparently to no avail. The loss records have been so drastic that virtually all of the companies have abandoned this particular line in fourth class towns and are carefully accepting this business in the better protected community centers. Frantic appeals have been made to city officials, fire chiefs and the public in all incorporated cities and yet there is no abatement in the number of fires. There has been, also, a marked increase in the tenant-occupied property loss. All parties concerned are united in the belief that the moral risk has been a

far greater contributing cause than has been in many years.

Mercantile, industrial and commercial lines have also contributed liberally toward heaping up record-breaking loss ratio and these have exceeded the bad year of 1930 in the south.

Upholds Company's Right to Expirations of Defaulter

The principle that a defaulting agent forfeits his expiration rights to his companies was upheld by a special master, reporting to Federal Judge Deaver of Georgia in the case of Alliance and other companies vs. City Realty Company, Macon, Ga. The master held that when an agent is in arrears in the remission of premium balances to his principal, the insurance companies which issued policies to the agency have a property right in the expiration dates, etc. The company, according to the opinion, may possess, use and dispose of the properties and apply the proceeds to the reduction of unremitted balances. The master excluded the general creditors of the agent until all balances due the insurance companies are fully paid.

The City Realty Company closed its doors in 1929 and is said to have been in arrears to the companies \$11,365.

THE wise agent asks two questions concerning a company: "Is it dependable?" and "Is it sales-minded?"

PHILADELPHIA FIRE and MARINE INSURANCE COMPANY

HEAD OFFICE: 1600 Arch Street, Philadelphia
CHICAGO: 209 West Jackson Boulevard
SAN FRANCISCO: 200 Bush Street
ATLANTA: 8th Floor, Hurt Bldg.

1794 1931

THE INSURANCE COMPANY

OF THE

STATE OF PENNSYLVANIA

PHILADELPHIA, PA.

Fire—Lightning—Windstorm—Automobile—Tourist
Baggage—Inland Transportation—Parcel Post
—Use and Occupancy—Rent and
Perpetual Insurance

Acquire

THE OLD "STATE OF PENN"

Other companies involved are the Phoenix, Dixie Fire, St. Paul F. & M., and Georgia Casualty.

Tennessee Farm Mutual in Voluntary Liquidation

The Tennessee Farmers Mutual of Nashville, the only state mutual in Tennessee, organized in 1911, has gone into voluntary liquidation. Approximately 6,000 policyholders are being notified that the company's liability will terminate as of July 20.

The financial statement as of Dec. 31 showed admitted assets \$136,068; premium income \$91,893; insurance in force \$14,814,788. It appears there was considerable internal dissatisfaction and last January the old management was retired and new officers elected. General depression was given as one of the causes for liquidation. It now has approximately \$77,000 assets, consisting of first mortgage loans on farm property, with liabilities of approximately \$17,000 in unpaid losses and current expense.

The mutual made overtures to several old line companies for reinsurance but owing to the inadequate rates charged it

was unable to obtain such a contract and there was no alternative but to liquidate.

Liquidation at this time places policyholders in an embarrassing condition, as the money crops, such as tobacco and corn, mature in the fall. Mortgage companies which accepted policies in the mutual will no doubt be faced with the payment of the premium in a great many instances if they desire protection.

Lowry Makes Plea on Radio for Standard Building Code

JACKSON, MISS., July 8.—Adoption of a standard building code by the next legislature was advocated by Commissioner Ben S. Lowry in a radio talk over WJDX, the Lamar Life station. Commissioner Lowry makes a short radio talk once a week on "State's Business."

In this talk he said that if the standard building code were adopted by the state, every city and town, the fire loss ratio would be reduced materially. He broadcast the fact that the last legislature had enacted a modern arson law and gave figures on the fire loss ratio in the state. The ratio was 49 percent for 1928 and 50 percent for 1929, but last year it increased to approximately 82 percent. "Although the losses were rather high for the beginning of this year, we hope to keep them within the 60 percent mark," he said.

Sawyer Is Nashville Manager

The Tennessee Inspection Bureau announces the appointment of J. G. Sawyer as branch manager for Nashville succeeding C. F. McLaughlin, resigned.

Savannah Losses Increase

Fire losses in Savannah, Ga., for the first six months show an increase over the corresponding period of 1930. The total six months' loss is \$42,269, while during the same period last year the loss was \$24,187.

New Orleans Blue Goose Elects

NEW ORLEANS, July 8.—Ralph M. Pons was elected most loyal gander at the annual meeting of the Louisiana Blue Goose, succeeding Gibson Stevenson. Other officers are: H. J. Boyle, supervisor; J. F. Miazza, Jr., custodian; L. C. Nelson, guardian; F. B. Davenport, keeper, and W. H. Gayle, welder. Mr. Gayle was named delegate to the grand nest, with Mr. Pons as alternate. Three goslings were initiated.

Knox Heads Blue Goose

BIRMINGHAM, ALA., July 8.—C. K. Knox, Birmingham, was elected head of the Alabama Blue Goose at the annual session held aboard the boat "New Magnolia" en route to Gaines, Fla. J. O. Jackson, Mobile, was elected welder.

Form Opelousas Exchange

OPELOUSAS, LA., July 8.—Local agents here have formed the Opelousas Insurance Exchange for better cooperation among the agencies and more complete service to policyholders. A. L. Lacombe was elected president; Henry Larcade, vice-president, and Wallace Phillips, secretary-treasurer. Plans are under way to incorporate the exchange.

New Virginia Report Forms

RICHMOND, VA., July 8.—Fire companies operating in Virginia are being supplied with revised forms in which they must report underwriting results for 1930, the reports to be made on or before Oct. 1. The new forms require a report on the actual unearned premiums on Virginia business bringing into account the interest earnings on the average amount of unearned premium reserve for liability on unexpired policies which, according to a decision of the corporation commission is 55 percent of the unearned premium reserve

on Virginia business. The new forms are in much more detail than the old ones and are on a basis of direct premiums written less return premiums thereon only and direct losses less salvage thereon only. All reinsurance either ceded or assumed is excluded from the new forms. The companies are appealing from the commission's decision but it may be a year or two before the state appellate court finally passes on the case.

Reciprocal Bill About Dead

MONTGOMERY, ALA., July 8.—According to protests from lumbermen, hardware men and other business people, the Alabama house has practically killed the two bills, sponsored by Superintendent Greer, throwing rigid restrictions around the operation of reciprocal insurance companies and requiring all companies doing a casualty business to post a bond of \$25,000 or deposit securities in that amount. The bills were re-committed to the insurance committee, which means that they have practically no chance now of passage.

The bill proposing a 6 percent tax on all insurance premiums in Mobile practically met its death in the Alabama senate through the failure of the senate committee on insurance and banking to submit a report on the measure.

Memphis Blue Goose Meeting

The Memphis puddle of the Tennessee Blue Goose held a banquet in honor of H. L. Rose, most loyal grand gander. Four goslings were initiated. Bruce A. Gibson, most loyal gander of the Tennessee pond, was in charge of the meeting.

Kentucky Notes

The South End Insurance Agency, Louisville, has been incorporated by W. P. Miller, W. P. Schlachter and Sam Goldstein.

A. R. Steele of Paducah, Ky., owner of the Steele Insurance Agency, has merged his business with Woodall & Melton. He and Miss Bertha Moss will continue with the latter firm.

William Abel and W. W. Schackleiter, Louisville, have been appointed field representatives of the Kentucky department of fire prevention and rates, to succeed Shelby Wilson and R. L. Hammond.

The State Insurance Agency, Louisville, has been incorporated by Mary Hagner, Edward Hagner and Carrie Hagner. This is a non-board agency,

representing both stock and mutual companies.

J. D. Swinford, Cynthiana, Ky., has purchased the J. H. McGee agency of that city. Mr. McGee has been in poor health and has suffered a stroke of paralysis which made it impossible for him to continue his agency.

Reed Brothers of Columbia, Ky., have taken over the business of the Schuler & Murray agency of that city. J. A. Schuler will continue to represent the farm department of the Home in that territory.

Georgia Notes

Frank Phinizy of Augusta, Ga., leaves shortly for Calcutta, India, with the American Foreign Insurance Association.

The Southern Finance Corporation, one of the city's largest agencies, which recently resigned from the Augusta Board, has applied for reinstatement and has been accepted.

Virginia Notes

Keys, Mitchell & Co., Miami, Fla., have established an insurance department with W. J. Mecke in charge.

Lee O. Freeman, Jr., engineer for the Virginia Insurance Rating Bureau, is the proud father of an 8-pound baby boy.

Colner & Coffman, Staunton, Va., a new local agency, has incorporated. H. E. Colner is president; L. B. Coffman, vice-president; Kate G. Colner, secretary.

The J. G. Penn agency at Abingdon, Va., has incorporated with W. B. Gillespie as president; C. W. Bondurant, vice-president; H. M. Elliott, secretary.

Tennessee Notes

B. F. Heathman has opened a fire insurance agency in Ashland City, Tenn.

D. W. Morgan has opened a new agency at Etowah, Tenn.

Mrs. J. C. Reed will continue the operation of the agency of her husband, the late J. C. Reed, at Athens, Tenn.

The Evans-Fletcher Company, Chattanooga, Tenn., has sold its expirations and retired from business. This agency was established in 1911.

Southern Notes

The insurance business of the Southern Real Estate Company, Greensboro, N. C., which recently went into the hands of receivers, has been sold to J. Elwood Mitchell, representing Moore-Mitchell Company, Greensboro.

Mack Everett, recently with the insurance department of the Southern Real Estate Company, has been made manager of the insurance department of the Dixie Realty & Loan Company, Greensboro, N. C.

ON THE PACIFIC COAST

Salt Lake City Protection

National Board Engineers Find Fire Department Is Poorly Equipped and Not Well Manned

The National Board engineers in reporting on Salt Lake City showed the gross fire loss for five years to have been \$1,760,120 with \$588 average loss per fire and \$2.64 per capita. The engineers say that the water supply is from adequate sources. The fire supply is good in the congested value districts and in most other sections. The fire department is poorly equipped and seriously undermanned at night. The fire alarm system is incompletely equipped, overloaded and unreliably maintained. As to conflagration hazard, the engineers say that an unusually large number of excessive areas, numerous unprotected communicating openings, general lack of protection to exposed windows and large size of blocks combine to create a high conflagration hazard in several blocks of the congested value district. Because of exceptional width of streets, generally moderate heights of buildings, and adequate water sup-

ply the probability of a conflagration of more than one block is low. In the minor mercantile, wholesale and industrial districts fires should be only local.

IMPROVE FIRE FIGHTING

SALT LAKE CITY, July 8.—Extensive improvements in Salt Lake City's fire fighting equipment were announced recently coincident with the release of a fire hazard report on Salt Lake City by the National Board. Chief Knight said a new building code has now been adopted providing for additional safeguards against fire, including fire-resisting roofs. The personnel of the department has also been considerably strengthened.

Report Utah Conditions Good

SALT LAKE CITY, July 8.—Members of the Utah state committee of the Utah Association of Insurance Agents, who attended a meeting with the states committee of the Pacific Board, have returned to Salt Lake City and report that conditions in Utah compare very favorably with those in other states served by the board. Utah agents experience very little difficulty with cut-rate competition and while there are

Today

Buyers of insurance are demanding the best. Realizing this the Twin City Fire has developed until it is able to serve them completely and satisfactorily in all their insurance problems.

"Writing fire, tornado, farm, automobile, hail, tractor, aeroplane damage, customers' goods, fine arts, fur coats, jewelry, fur floater, parcel post, registered mail, tourists floater, annual transit, trip transit, neon signs, merchandise sold under contract."

TWIN CITY

Fire Insurance Company
Minneapolis Minnesota



HENRY
GRADY
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Atlanta, Ga.

550 ROOMS 550 BATHS

mutuals operating in this territory, those of most prominence are writing at regular board rates. It was reported by the committee that certain sections of California are seriously disturbed because of non-board and cut-rate competition.

E. Hugh Miller of this city and J. F. Fowles of Ogden returned to Salt Lake by way of Portland and the northwest and made a survey of business conditions from an insurance viewpoint in that section.

Advertise Six-point Policy

The San Jose (Cal.) Local Agents Association, which has a particularly active advertising committee, has been running half-page advertisements in the local papers there, setting forth the advantages of the new six-point policy recently approved by the Pacific Board, covering dwellings against explosion, aircraft damage, windstorm, hail, motor vehicle damage, riot and civil commotion at a rate of 30 cents for three years.

General Agency Opens New Office

SAN FRANCISCO, July 8.—Well-wishers from the various offices on the street and from the East Bay district paid their respects to Rolph, Landis & Ellis, well known San Francisco general agency, on the opening of its new office at 345 Sansome street July 6. The firm is occupying a building especially built for it, a one-story concrete affair of modernistic design.

Western Commissioners Meet

The regional association of insurance commissioners of the western states is to have a meeting Sept. 13 in Portland, Ore., which is the day before the start of the annual meeting of the National Convention of Insurance Commissioners. This announcement is made by Commissioner McQuarrie of Utah.

Orange County Agents to Meet

Local agents of Santa Ana, Fullerton and Anaheim will meet at Laguna Beach, Cal., July 13 to discuss forming a county organization for all agents in Orange county who are not members of any of these three local associations. All agents in the county, whether members or not, have been invited to attend.

State Business Unprofitable

SALT LAKE CITY, July 8.—The experience on the state of Utah fire insurance schedule has been decidedly unsatisfactory during the last seven years, when \$84,565 in premiums were collected and \$79,042 in losses paid, a loss ratio of 93.5 percent. There has been a \$26,500 loss already this year on the Mechanical Arts building located at Cedar City.

Washington Agents' Meeting

The Washington Insurance Agents League will hold its annual meeting at Seattle, Aug. 11-12. R. J. Martin of Spokane is president. President P. H. Goodwin of the National Association of Insurance Agents will be the chief speaker. Cyril Struckfield of Seattle is general chairman on arrangements.

Form New Holding Company

The Empire Holding Corporation has been organized at Portland, Ore., with authorized capital of \$5,000,000, to finance a group of insurance companies. It is authorized to sell \$2,500,000 stock in Oregon and \$1,000,000 in Washington. The companies to be organized are Empire Life, Empire Fire, Empire Casualty and Empire Title Insurance Company.

Officers are O. P. Coshaw, president; H. H. Petty, vice-president; R. W. Clancy, secretary, and Dr. W. R. Adams, treasurer. Among the insurance men in the group are A. A. Ferns, former Oregon special agent Sun Life; T. E. Rockwell; Sam A. Kozar, former

Has a Big Job



HARRY G. BOBEY

Harry G. Bobey, president of the Los Angeles Fire Insurance Exchange, will have a big task on his hands as his organization will be the official host at the time the National Association of Insurance Agents meets at the Biltmore hotel in his city, opening Sept. 21. Mr. Bobey entered insurance in 1912 with John Topham & Co. He has been secretary and treasurer since its incorporation.

He has been more or less active in the Los Angeles Fire Insurance Exchange since 1915, having been secretary for a number of years and also serving as a member of the executive committee. He was elected president in October. John Topham & Co. is engaged in general insurance with offices in the Pacific Bank building.

Oregon commissioner; W. C. Hagerty, president Oregon Mutual Fire of McMinnville. Mr. Coshaw is counsel for the Union States Life of Portland.

Discuss Mixed Agency Problem

At a closed meeting of the Special Agents Association of Pacific Northwest and the Washington Advisory Committee in Seattle the elimination of mixed agencies in Washington was the principal topic for discussion. A list of some 150 agencies in western Washington was read, showing offices in which board and non-board companies are planted. Concerted action was urged by all members.

F. C. Haupt in New Post

Fred C. Haupt, former well-known special agent, is now the fire department manager for the Washington General Agency of Seattle, which has the Detroit Fire & Marine and Columbia of Dayton for fire business. He has had some 39 years' experience, starting at Buffalo, N. Y. In 1908 he joined the American of Newark as state agent at Denver.

Meadors Named Manager

LOS ANGELES, July 8.—Max Meadors has been appointed manager of the southern California branch at Los Angeles of the Wentz & Erlin general agency. For the past four or five years he has been associated with the former Hinchman & Wentz general agency, continuing with its successor, the Wentz & Erlin agency.

Bryson Appointed Superintendent

J. S. Bryson has been appointed agency superintendent of the John T. Beales general agency at Los Angeles, operating in southern California in connection with R. S. Atkins, who also

has the title of agency superintendent of the Beales agency. For the past 10 years Mr. Bryson has been with Chapman & Co., in charge of southern California.

Coast Notes

Stephen Malatesta, San Francisco broker and civic worker, is now president of the Central Council of Civic Clubs of San Francisco.

How the derelict in society may be rehabilitated was explained by Sheriff W. J. Fitzgerald, at the meeting of San Francisco Blue Goose June 8.

A new agency has been organized at Ogden, Utah, with Sumner P. Nelson as president and S. Parry Nelson, secretary-treasurer. It will be known as the Nelson Agency.

H. J. Ross has left the C. Q. Brady agency at Los Angeles to become manager of the insurance department of the Pacific Western Investment Company of Hollywood.

The San Francisco brokerage firm of E. J. Mitchell Company has appointed

P. W. Rainey resident manager for southern California with headquarters in Los Angeles.

The F. Orlin Woodbury Company, Salt Lake City, is enlarging its insurance department and has placed R. H. Saunders, formerly with the Deseret Building Society, in charge.

Ralph Pratt, formerly special agent with Swett & Crawford, general agency firm at San Francisco, has joined the staff of the Mullin & Acton office, in a similar capacity.

The Frank T. Hunter Company, old Seattle local agency, has been sold. The fire, auto and casualty business goes to H. C. Watchie, who has been with Hunter & Co. for ten years. The marine department goes to Marsh & McLennan.

J. H. Roberts, secretary of the Salt Lake Board, will represent that body in a new organization formed for community development purposes, including executive secretaries of various business groups.

J. L. Goodwin, also known as J. A. LeValley, C. E. Grover and A. J. Gaylord, pleaded guilty to forgery at Miles City, Mont., and was sentenced to three years in the penitentiary. He was arrested on complaints that he had collected premiums and written receipts for a company which he did not represent.

IN THE MOUNTAIN FIELD

Colorado Fire Leaders Given

Hartford, Home and Fireman's Fund Have Largest Premium Volumes Commissioner Reports

DENVER, July 8.—The following fire and marine figures, which were published recently by Commissioner Cochrane of Colorado, reveal the 1930 business in Colorado of a few of the leaders:

	Premiums	Losses Incurred
Aetna	\$ 167,420	\$ 62,866
Agricultural	83,099	35,660
Atlas Assur.	98,646	27,582
Automobile	86,744	34,327
Continental	132,729	62,031
Fidelity-Phenix ...	70,475	29,094
Fireman's Fund ...	164,117	89,625
General Exchange ...	137,391	41,917
General Wash.	95,733	55,240
Globe & Rutgers ...	115,408	34,883
Great American ...	134,997	63,376
Hartford Fire	198,705	73,329
Home, N. Y.	195,208	75,425
Ins. Co. N. A.	100,056	47,038
Liv. & Lon. & Gl. ...	81,946	31,894
Merchants of Denver	75,308	27,503
National, Conn.	80,366	42,413
Niagara	100,298	38,247
Phoenix	81,479	38,052
Royal	90,733	37,621
Springfield	106,020	41,890
St. Paul F. & M.	116,217	57,254
Travelers	65,795	18,358
Westchester	106,161	47,098

Adjustments Are Discussed

Establishment of Insurance Companies Bureau in Denver Causes Much Comment—Some Dissent

DENVER, July 8.—In view of the contemplated establishment in this city of a branch of the Fire Companies' Adjustment Bureau, the question of adjustments has been much discussed.

Although hearty cooperation from all quarters appears likely, there are indications the plan does not meet with the fullest favor of all. High efficiency is not expected of it by some who claim that the probable salaries of the bureau will not attract the adjusting ability already available in the mountain territory.

Assurances have been current that the work of the bureau would be conducted by the leading adjusters of the field, but there is a sentiment which does not believe in uniting in this undertaking all the opposing forces which figured so strenuously in the separation struggle of a year ago.

Discussed for Some Time

The adjustment question has been prominently discussed for some time. Last spring the Mountain Field Club adopted a rule prohibiting members from filing adjustments with adjusters who represent non-affiliated compa-

nies and associations. The rule was not to become effective until June 1. Prior to that date an effort at a regular meeting was made to table the whole proposition. Failing in this they finally placed disposition of the rule in the hands of their governing committee which, it is understood, will forget all about it. Should this be the case, the result would be the same as would hold with the establishment of the Fire Companies' Bureau, except for mutuals and reciprocals.

Two Theories Advanced

For some time there has existed on one hand in this field a theory that there is a growing laxity in the settlement of small claims, affecting not only the loss ratios but also jeopardizing the standing of the agent who strives to protect the interests of his company. Those who are thus alarmed point out a bureau as a solution in settling all claims on a business basis.

Others contend adjustments in the mountain field are not a serious problem. This position is taken by E. M. Brewster, Jr., of Standart, Main & Brewster, general agents. "I don't believe," he declared, "that excessive payments to assureds are frequent enough to affect loss ratios."

Never to Be Mandatory

The adjustment problem never has worried Cobb, Miller & Stebbins, general agents, according to H. C. Stebbins.

CALENDARS



(One of the 12 pictures)

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A-1946 Insurance Exchange
Chicago

Fire

bins. He was emphatic in declaring that his firm had been able to hold the goodwill of its customers without making excessive claim payments.

It was explained by G. W. Lilly, manager Fire Companies' Adjustment Bureau, on his recent Denver trip that it never would be mandatory on any insurance company to surrender adjustment of its claims through its own employees, and there is much sentiment in favor of holding that option among company representatives here. This is true in spite of the fact that these same company men often employ professional adjusters.

Continue Theft Bureau

DENVER, July 8.—Insurance interests last week were pleased to learn the threatened discontinuance of the auto theft bureau of the city had been averted. It appeared certain for a time that this department, during a general shakeup with the advent of the new city administration, would go, returning the work to the general detective department.

Colorado Blue Goose Meets

DENVER, July 8.—Members of the Colorado Blue Goose at their July meeting listened to a discussion of the new state motor code by Clarence Werthan, managing director of the Rocky Mountain Motorists, affiliated with the A. A. A. Harry Hickok, assistant secretary Merchants Fire, was appointed trustee of the new fellowship relief fund.

Distribute Denver's Cover

DENVER, July 8.—An equitable distribution of the city's insurance to agents has been instituted by Mayor Begole, who assumed office a few weeks ago. It is reported the mayor regards with

Denver's Unique Record in Agency Association

The Cobb, Miller & Stebbins general agency of Denver, Colo., brings out some interesting facts with regard to the National Association of Insurance Agents in Denver. For instance, it recalls that the founder of the National association was R. S. Brannen, a local agent of Denver. The oldest member of the National association is Paul B. Gaylord of Denver. The oldest past president of the national body is Charles F. Wilson of Denver. The present head of the national organization, Percy Goodwin, is a former Colorado man.

disfavor political interference with the municipality's insurance coverage. The Denver Association of Insurance Agents plans to study this subject further at its next meeting.

Montana Notes

A. M. Cowden is the new manager of the Denver Insurance Agency.

Guy Inman of San Francisco, manager Fidelity & Guaranty Fire, visited the mountain field recently.

Inspection for rerating Trinidad, Colo., by the Mountain States Inspection Bureau has begun.

T. M. Webb of Galveston, secretary of the Security National, visited Seaman & Osgood, general agents in Denver recently.

E. W. Davis, 64, prominent agent of Steamboat Springs and Central City, Colo., for many years, was killed in an automobile accident.

ordinance prohibiting wooden shingle roofs was defeated. Among the leading cities the only ones with a shingle roof hazard at all comparable with Buffalo are New York, San Francisco and Detroit. New York and San Francisco have both adopted ordinances prohibiting the further use of wooden shingle roofing within the city limits and in the new Detroit building code, which is pending, a similar provision has been incorporated.

"Systematic and thorough inspection work by a fire department is the most effective method of reducing fire hazards and losses. Buffalo is the only one of the 13 large cities of the country that has no organized fire prevention bureau in the fire department. Of the 13 large cities Buffalo and one other are the only ones not providing salvage equipment or practicing salvage methods to reduce loss from water and smoke. Our field engineering department has made frequent visits to Buffalo during the past seven years but has failed to create a strong local interest in the fire waste problem. We believe that Buffalo's unfavorable fire record will continue until an active local interest is taken in constructive fire prevention measures."

New Local Board Formed

A new local board to be known as the Cumberland County (N. J.) Association of Insurance Agents has been organized with the following officers: President, Clarence Reeves; vice-president, W. H. Sharp; secretary-treasurer, S. W. Taylor. The executive committee is composed of O. W. Acton, G. F. Lawley, W. E. Goodwin, Harry Shary and D. A. Chew. The new board has adopted the model constitution and by-laws of the National association.

Pennsylvania License Law

The amended license law of Pennsylvania which takes effect Sept. 1 provides

that where an agent has held for a continuous period of five years a license to transact any class or kind of insurance for any company he shall be entitled to receive a license as agent for the same class or kind of insurance for any other kind of company without the necessity of submitting to an examination.

Drops Insurance Department

WASHINGTON, July 8.—The Washington Gas Light Company has abandoned its insurance department. G. B. Fraser, vice-president, and other officials organized the Commonwealth Co-operative Association, planning thus to enter the insurance field as a side line. The association was intended to write automobile and fire insurance primarily.

Underwriters Association Meet

The summer meeting of the Underwriters Association of New York is to be held in Syracuse, July 14. The executive committee will meet Monday July 13 and there will be a meeting of the farm committee the afternoon of July 13.

New Jersey Field Club

At the dinner-meeting of the New Jersey Field Club July 13 at Asbury Park, C. F. Stratton of the Underwriters Salvage Company of New York will be the guest speaker.

Eastern Notes

J. M. Magruder has joined W. F. Jorgensen in the insurance business, with offices in the insurance building, 15th and I streets, N. W., Washington, D. C.

A four-story warehouse at 103 Chesapeake, Baltimore, has been leased for a term of years by the Underwriters Salvage Company, to serve insurance interests in Maryland and Washington, D. C. The branch will be operated by W. F. Padberg.

EASTERN STATES ACTIVITIES

Lesson to Contractors Seen

Fate of Nelson-Pedley Firm Shows Need for Builder to Check Coverage Constantly

Fate of the Nelson-Pedley Construction Company of Philadelphia, which has been forced into receivership, resulting from misunderstanding about the fire insurance on the Pennsylvania State Educational Building at Harrisburg, a Nelson-Pedley job, was occasion for the Associated General Contractors of America to send a bulletin to members emphasizing the importance of contractors seeing that they are properly covered as to fire at all times.

Under a Pennsylvania supreme court decision the Nelson-Pedley Company was held responsible for making good the fire loss of \$750,000 on the educational building. As a result, the company was forced into receivership.

"The huge loss," the bulletin states, "arose out of last October's fire on the partially completed structure and through the fact that the state of Pennsylvania provides a self-insurance system on all its public structures. The self-insurance feature of the state law provides for setting aside in a sinking fund certain nominal sums each year as protection against fire loss."

"In the specifications the contractor was required to carry fire insurance on all property not incorporated in the building proper and the specifications expressly provided: 'It will not be necessary for the contractor to maintain insurance on any material incorporated in the building.' Therefore, because of the self-insuring feature of the state for its buildings and because of the specifications, fire insurance on the building proper was deemed superfluous."

"After the fire, state officials took the

position that the general contractor was to deliver a completed building, and placed the responsibility squarely on the shoulders of the Nelson-Pedley Company. This position was denied by a lower court but was upheld by the supreme court.

"The disaster suffered by the general contractor and the losses which subcontractors face provide all other contractors with a drastic example of the importance of checking every contract periodically to determine the status and terms of all fire insurance and to have all obscure questions settled in writing."

Buffalo Has to Be Watched

National Fire Protection Association Points Out Some of the Deficiencies in Fire Fighting

The National Fire Protection Association in commenting on the recent armory fire at Buffalo with a loss estimated at some \$6,000,000 declares that the National Board report brings out the fact that a sweeping conflagration was averted by only a narrow margin. Over 50 roofs were ignited by flying embers from the armory. The N. F. P. A. in commenting on the Buffalo situation says:

"The fire losses in Buffalo have persisted at a high level for a period of years. An examination of the fire record of the past ten years in comparison with the 12 other cities over 500,000 population in the United States shows that Buffalo ranks second in fire losses over the ten year period. The average per capita fire loss for the ten year period for Buffalo is \$4.17."

"Large areas of cheap frame dwellings with wooden shingle roofs have been permitted to develop. Our attempt in 1927 to secure the adoption of an

NEW ENGLAND NEWS

Maine in Auto Club Warning

Commissioner Spencer Says Memberships Are Misrepresented as Having Insurance Features

Commissioner Spencer of Maine has delivered a warning against solicitors for automobile clubs, who represent service memberships in the clubs as including insurance features.

"In every case that has been referred to this department," Mr. Spencer declared, "examination of the receipt for part payment of automobile club memberships shows that the sale of insurance is expressly excluded, and that any claim that insurance is included in such a deal is unfounded and misleading."

Agents Not Licensed

"Agents," he stated, "of such clubs are not licensed by the insurance department as they are usually non-resident salesmen, and could not be authorized to sell insurance by the department. The better informed citizen usually forms his own estimate of the value of contracts with unknown sponsors, but some are induced to part with their funds by such unwarranted misrepresentation."

"The law forbids the transaction of insurance by any organization except incorporated insurance companies, and the only way that a citizen has been able to avoid misleading contracts providing no insurance in such cases, is to secure his insurance directly from agents licensed by the Maine insurance department."

The United Firemen's of Philadelphia has entered the western field, with J. H. Paterson as Canadian manager at Montreal and T. L. Tennant of Winnipeg as western superintendent.

Bugbee Talks on Arson Law

New England, He Declares, Is Behind the Times in Providing Adequate Statutes

Defects in the arson laws of all but two of the New England states make the burning of property with intent to defraud easier in New England than any other section, according to Percy Bugbee, assistant managing director National Fire Protection Association. Speaking before the New England Association of Fire Chiefs, Mr. Bugbee revealed that New England lags behind the rest of the United States in the adoption of model arson laws.

"Until recent years it was the rule in this country that a man who set fire to his own property was not committing arson," he said. "Arson consisted of setting fire to the property of another."

"The prevalence of arson, plus realization of the inadequacy of antiquated legislation to cope with the crime, led to the creation five years ago of a model arson law which has since been adopted in 29 states, including New Hampshire and Rhode Island. This law has been of material assistance to state and local officials in combating the arson menace."

"The model arson law clearly and simply defines the various degrees of arson. It has been subjected to review of the courts and deemed adequate to cope with every character of incendiary fire with which every community is menaced today. The law is full, fair, and just, and does not further any interest other than the safeguarding of property and personal rights in the community as a whole."

Despite defects in their present laws, Maine, Vermont, Connecticut and Mass-

achusetts have not yet adopted the model arson law, although it has been brought before the legislature of each state.

Provision Was Not Waived

Massachusetts Supreme Court Hands Down a Decision on a Tobacco Loss from Hail

The Massachusetts supreme judicial court in *Holick vs. Globe & Rutgers* decides a case involving hail insurance on tobacco plants. The policy contained the usual provision that no officer, agent or other representative shall waive any provisions except as endorsed, also contained 60 days loss proof clause. The sworn statement of loss was not furnished. The only proof was given seven months after the date of the storm. The case was referred to an auditor who found that the crops were damaged by hail and wind. In consequence of this the company sent its adjuster on three occasions. The adjuster made the plaintiff an offer. Neither party made a written request for an appraisal.

The court held that the facts found did not support the finding that the company waived the condition of policy providing for written proof. The adjuster had no authority to waive this

provision. The performance of the provision that proof in writing be made within 60 days after the loss was a condition precedent to recovery. Unless waived by the company or its agent duly authorized, the assured could not recover. The court says that in this case there was no evidence of waiver and nothing to show that the adjuster had authority to waive, nor that the company placed its refusal to pay on any ground other than the assured's neglect to furnish proofs of loss. The court says that G. L. C. 175, Section 102 is limited to fire losses and not applicable to others. Whether this provision should be extended to other forms of insurance the court declares is for the legislature to determine.

Celebrate Recovery of Line

FITCHBURG, MASS., July 8.—The recovery by the H. A. Hatch & Son agency of a large line on an especially fine risk in Fitchburg from an out-of-state broker was made the occasion of a joyful party given by that agency. P. J. Woodcome of the Hatch agency was in charge of the program, which included luncheon, golf and dinner. Appropriate talks were given by F. E. Hatch, A. J. Murphy, H. A. McKenna, Lawrence Moore, Roger Hovey and others. Nearly 30 fire and casualty company representatives were in attendance.

IN THE CANADIAN FIELD

Can't Collect Entire Loss

Edmonton Case Decided Against Solicitor Owning Part Interest in Building, Who Covered Entire Property

EDMONTON, ALTA., July 8.—An interesting case was decided recently in the courts here involving insurance on a business block, known as the Bellamy Block. The solicitor in the case, one of the owners of half interest in the block, had formerly arranged with the other owner of the other half, to insure the whole block for \$30,000, but two or three years ago the owner of the half interest decided he would no longer insure his interest. The solicitor, acting for himself and other interested parties in the other half of the block, then took out insurance for the whole block, so that in case of fire he could collect the total loss, regardless of the fact that he was only interested in the half interest. He furthermore secured the insertion of a clause in his policies to the effect that no question would be raised as to the right of the assured to collect the full amount of insurance on the block, although he only owned half the property. Part of the arrangement with the companies was that the total insurance was to be reduced from \$30,000 to \$15,000, but the total loss, not exceeding \$15,000, was to be paid to the solicitor. Later a fire occurred and the loss was estimated by adjusters at \$6,248. The court awarded half this amount, as representing the half interest, to the solicitor, although he claimed the whole amount.

Vancouver Agents Elect

VANCOUVER, B. C., July 8.—The Vancouver Fire Insurance Agents Association has elected these officers: President, W. O. Banfield; vice-president, J. F. Morris; secretary-treasurer, G. L. Schetky; executive committee: William Butchart, H. J. Cave, Charles Dickens, A. H. Garvin, C. W. Hodge, Seymour Johnson and J. R. Stewart.

Want Insured to Share Loss

Representatives of a number of Ontario farmers' mutuals met with E. P. Heaton, fire marshal of Ontario, at Lindsay, Ont. A resolution was passed recommending that the Ontario depart-

ment add a clause to the insurance act that the insurer, instead of making payments for damage to property, may replace the building damaged, the insured to pay one-third of the replacement value. The company in any case insures only two-thirds of the actual value of the property, and in the case of partial damage, it was held that the insured should pay at least one-third of the damage or replacement.

Unlicensed Insurance Tax Delayed

OTTAWA, ONT., July 8.—Because of legal difficulties, the proposed new tax of 15 percent on gross premiums of foreign companies not licensed under the Dominion insurance act, doing business in Canada, will not go into force for some time, Premier Bennett announced. A test case is now pending before the privy council as to the validity of the existing 5 percent tax.

Falconer Succeeds Withers

TORONTO, July 8.—Directors of the Dominion of Canada General have appointed H. W. Falconer to succeed the late C. A. Withers as managing director. Mr. Falconer started his business career with the company as an office boy. He was active in extending the organization in the west, building up branch offices at Winnipeg, Calgary and Vancouver. For some years he was general superintendent and recently has been assistant managing director and a member of the board.

Montreal Institute Election

At the annual meeting of the Montreal Insurance Institute R. J. McCormack, casualty superintendent North British & Mercantile, was elected president; D. A. Hanson and F. S. Johnston, vice-presidents; F. T. Broadbelt, North British, secretary; F. E. Dufty, Yorkshire, treasurer; P. L. Roberts, librarian.

Heaton Remains in Office

TORONTO, July 8.—E. P. Heaton, fire marshal of Ontario, though now past the retirement age of 70, is being retained in office for an indefinite period, under a section of the Ontario law which authorizes the government to retain an official because of his expert or technical knowledge. Mr. Heaton organized the

department 16 years ago, and is one of the oldest fire marshals in North America, in age and also in years of service.

F. W. Kiefer Dies

WINNIPEG, July 8.—F. W. Kiefer, 42, with the St. Paul Fire & Marine, Winnipeg, died very suddenly last week. The intense heat of the previous weekend is believed to have been the cause. Mr. Kiefer came from St. Paul and had been with the company here for many years. He was supervisor of the Manitoba Blue Goose.

Root Makes New Connection

Lyman Root, until recently Canadian manager for the Sun, has formed a partnership with Walter P. Thomson, who has an office at Hamilton. The firm is opening a new office in Toronto,

which will be under the management of Mr. Root, for fire loss adjustments.

Writes Hail Business in Ontario

TORONTO, July 8.—The General Casualty of Paris is now writing hail insurance on crops in Ontario. Hail business in Canada has chiefly been on grain crops in the west, but there is some field among grape growers, truck farmers and others in the mixed farming sections.

Canadian Notes

Application is being made to the Dominion parliament for an act to incorporate the *Aeme Assurance*, which will conduct a guarantee insurance business. *Redmond & Shaughnessy*, Montreal, have been appointed general agents, with

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complete jurisdiction over Montreal, for the Fire Association of Philadelphia.

W. D. Law has been appointed manager of the Grain Insurance & Guarantee in Winnipeg.

The British Crown and the Eagle Star & British Dominions have ceased to write automobile insurance in Canada.

C. W. Adamson has been appointed as resident inspector of the Pearl Assurance Co. for Saskatchewan.

The New Brunswick has been licensed for fire, explosion, sprinkler leakage, tornado and hail business in Manitoba.

The American Reserve has been licensed in Canada with T. Meunier of Montreal as chief agent.

The Home Fire & Marine has appointed Ederton, Brydges & Waugh, Winnipeg, general agents.

Frank Dingle, formerly eastern in-

specter for the London Assurance, has joined the Commercial Union Assurance as an inspector.

Anderson & Mason of Regina have been appointed general agents of the Westminster Fire for Saskatchewan.

The Montreal insurance firm of Shaw & Begg has absorbed the business of the Quebec Insurance Agencies.

Opening of a permanent Canadian office in the Atlas building, Toronto, is announced by the Manufacturers Mutual Fire of Providence, R. I.

The Pearl Assurance is opening a branch office in Calgary, with Z. W. Dean as branch manager, to supervise Alberta and Saskatchewan.

The Reliance of Canada has been licensed in Canada for burglary and hail insurance, in addition to the other classes for which it is already licensed.

MOTOR INSURANCE NEWS

Interesting Theft Case Up

Intent of the Person Taking a Car Is
Paramount Issue in the
Decision

Attorney F. M. Drake of Louisville, former insurance man, declares that one of the most troublesome questions in connection with automobile insurance is the situation where a car is taken without the owner's consent but without intention to permanently misappropriate it. A car is injured by collision. These claims he says are frequently presented under the theft policy. Mr. Drake points to the Kentucky statute, section 2739g-58 which provides that anyone driving an owner's automobile without his consent should be guilty of grand larceny.

The Kentucky court of appeals, however, in McKenzie vs. Travelers Fire has decided that such a loss is not covered by a theft policy. The car was taken from a garage at Mt. Vernon, Ky., by one Mullins, without McKenzie's consent. Mullins wrecked it while it was in his custody and McKenzie filed claim under the theft policy. The company contended that Mullins had been in the habit of using the car with the owner's consent. Witnesses testified that the car was taken without the assured's consent. The assured testified that he had refused to loan Mullins the car that morning. He further said that he had issued an order to the owner of the garage to allow no one to have the car. It was shown that Mullins took the car when the owner was in the office. Mullins testified that he and the assured were friends and that he had used the latter's car five or six times. He said that he needed the car to go to a neighboring town and thought there would be no objection. He had a smash up. He said there was no intention of stealing the car. He returned the damaged machine that night. The evidence showed that there was no intention of theft.

The court in this case apparently decided the case on apparent intent of Mullins. Mr. Drake feels that it does not necessarily mean that in the event of an unknown man taking a car and wrecking it the company would not be liable but the decision will quite likely establish the fact that theft is where property is taken with intention of permanently depriving the owner of its use.

Freight Trucks Good Line

Mushroom Growth of Overland Motor
Hauling Brings Demand for
Many Kinds of Insurance

Rapid growth of the commercial freight truck line industry has opened a large new field for fire, theft and liability. This development is particularly evident at St. Louis, one of the junction points on the transcontinental truck lines and headquarters for many. There are 265 freight truck lines with terminal

addresses in St. Louis, the fleets ranging from one to 80 trucks, and nine truck terminals, the largest serving 54 lines. These give overnight service to 1,516 towns in 11 states and 139 towns in St. Louis territory. There are also several hundred independent concerns engaged in transporting livestock as well as general freight, largely feed and farm supplies.

It thus will be seen that the insurance possibilities are large, but mutuals and reciprocals are said to control much of this business. The trucking business, at first more or less "wild cat," has been well stabilized. A large proportion of the lines are bonded and insured for fire, theft and liability, and many lines and terminals protect shippers against fire, theft, collision, etc., on a full cover basis. In many states, truck lines must protect shippers. This offers many opportunities for added premiums.

Cut Off Collision Cover

Many People Are Reducing the Amount
They Pay in Premium for
Automobile Insurance

Owing to the stress of the times and the desire to economize in all sorts of ways local agents find that many people are not renewing their collision insurance or eliminate it when they take out their automobile coverage. Collision naturally is expensive and the feeling is that it can be dispensed with more readily than other coverages. Some automobile owners have cut off their insurance entirely. Others are carrying only one or two kinds. Most people see the necessity of carrying personal liability insurance because of the unknown hazards. If an automobile is stolen, damaged or burned up the maximum loss is known. Such is not the case, however, where a person is killed or injured by the machine.

Various Kinds of Motor
Cars Indemnity Insurance

The Phoenix of Hartford lists the various kinds of automobile insurance written so far as a fire company is concerned. It is as follows:

Aircraft, damage by.
Automobile, dealers' forms.
Collision, all forms.
Cyclone.
Earthquake.
Explosion.
Fire and transportation.
Fleets of automobiles.
Flood.
Garage keepers liability.
Hail.
Personal effects in automobiles (fire, lightning and transportation only).
Plate glass coverage.
Property damage.
Rising water.
Riot, insurrection and civil commotion.
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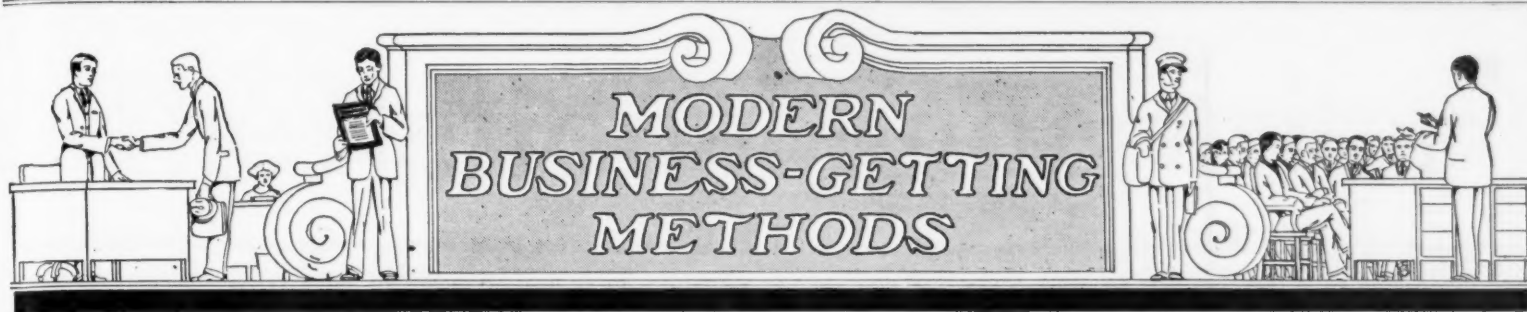
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Salesmen in Insurance Should Handle All Lines and Become Counsellors for Their Insured

R. H. Beard of Chicago has had an all-around insurance experience. He has been a local agent, general agent, company executive, underwriter, surety man and agency supervisor. His agency, R. H. Beard & Co., handles all kinds of insurance. It is general agent for the Philadelphia Life. Mr. Beard is the biggest insurance producer in his agency. He brings in good sized life insurance applications.

Should Write All Lines

Mr. Beard believes that in a city like Chicago and perhaps in cases elsewhere there is a growing opportunity for multiple line insurance selling especially in these days when an insurance man may find his lot not an easy one. The people who are devoting themselves entirely to life insurance in many cases in his opinion need other lines to piece out the cloth. The casualty and fire men, he says, who have become familiar with life insurance, are making strides in this business and are becoming sole insurance advisers for their customers. He says further:

"When insurance agents win the confidence of their customers to a point where they become sole insurance advisers, they occupy a similar position to a doctor giving medical advice, or a lawyer giving legal opinions. They change their customers' attitude, and they are looked upon more in the capacity of buyers of insurance rather than sellers of insurance. They never have to be afraid of a one-call specialty salesman. A considerable portion of their new business will come over the phone or in the mail. They are like a grower who has cultivated his crop instead of having spent his time hunting for wild berries. "Specialty salesmen in any line of insurance have often been likened to a

man who, after great difficulty, climbs to the top of an apple tree, picks one particular apple, but leaves all the other apples on the tree and then goes out and hunts for another tree—wasting most of his time looking for trees with a particular kind of an apple. This waste of time is one of the reasons why the majority of men who go in for life insurance specialty selling fail to make a living when economic conditions are not favorable.

Can Select Opportune Time

"Another advantage that casualty and fire agents have over a life insurance specialty salesman is that they can usually select an opportune time to talk life insurance when their prospects are in a receptive mood and can give undivided attention. When driving an automobile, in order to change direction, one has to put the engine in neutral. Our minds must also first be in 'neutral' before a new suggestion succeeds in changing the direction of our thoughts. Getting good attention is absolutely necessary in the sale of life insurance, as there is almost always resistance, and success or failure often depends on the approach for life insurance being made when a prospect is not busy or disturbed. Talking to a wall is just as effective as talking life insurance to a person who isn't listening. From time to time losses develop in casualty and fire insurance. The adjustments are usually made very promptly and customers are almost always pleased. It is then not difficult to get them to give wonderful leads to their friends. This is only one of the many ways general insurance agents reduce cold turkey soliciting to a minimum and work the endless chain system of getting prospects for new insurance."

Keep Your Eye on Earnings in Selling Use and Occupancy, W. S. Foster Advises

To sell use and occupancy agent and prospect must be impressed with the importance of earnings and neither of them should lose sight of the fact that the cover is designed to perpetuate earnings in the event of disaster. This was the message of W. S. Foster, assistant manager North America in a recent address. "Not until you stand off and consider the question from the standpoint of earnings will you ever thoroughly understand the purpose of use and occupancy insurance, and be able to teach it to your agents and sell it to your prospects," the speaker said. "Probably," Mr. Foster said, "you have been so fed up on fixed charges, expenses, overhead, avoidable expenses, expenses that have been undertaken to reduce the loss, that you are often led to overlook the fact that we do not insure any of those items of expense and that all we do insure is earnings, and nothing but earnings."

"It seems to me," he continued, "to be somewhat of an anomaly that when we insure property of any kind we use

one method of describing it, and when we insure use and occupancy value we resort to an entirely different method.

Describe Component Parts Instead of Cover as Whole

"If you were insuring this building you would say so in so many words; you wouldn't describe a lot of building materials of various kinds and labor sufficient to build a structure at this location; and when you insure an automobile you also say so, rather than describe the motors, wheels, body, carburetor, brakes and other accessories and yet when use and occupancy insurance was originated our predecessors abandoned the time honored practice of calling a spade a spade. Instead of describing this cover as earnings they described the component parts of these earnings."

It will also be helpful, Mr. Foster declared, for the producer and special agent to explain the similarity between use and occupancy and property insurance. The principle that insurance

contemplates indemnity for actual loss sustained is just as true in use and occupancy as it is in property insurance, according to the speaker. "I am sure," Mr. Foster emphasized the point, "that no one would have an insurance company pay a policyholder the price of a Lincoln car when he has sustained the loss of a Ford. According to the same reasoning why should a company be expected to pay a use and occupancy policyholder \$10,000 when his business would have produced only \$5,000 had no loss occurred."

Compares U. & O. With Rents and Rental Value

Rents and rental value insurance, Mr. Foster pointed out, are modified forms of use and occupancy value. Rent insurance, he said, is just what its name implies; insurance that protects the lessor's or owner's income from rental—say \$1,000 monthly. That income should enable the owner to pay taxes, insurance, and other fixed charges and expenses, and have remaining a reasonable net profit on his investment.

In illustrating his point that the only difference between use and occupancy and rental value is that the former is more comprehensive, Mr. Foster considered the hypothetical proprietor of a dry goods store who owns his own building which could, however, be rented for \$1,000 a month and whose earnings are \$10,000 a month. Of these earnings Mr. Foster assumed that \$2,000 would be paid for expenses which would cease during business suspension, leaving \$8,000 insurable earnings. That \$8,000 may be protected, Mr. Foster said, by \$1,000 rental value insurance and \$7,000 use and occupancy or the entire \$8,000 may be protected by use and occupancy.

"In view of the outstanding importance that business earnings and rental income assume in our affairs, isn't it strange that these values have not been protected more generally against interruption by fire and windstorm?" was the rhetorical question asked by the speaker. "Do you know many men who have building values or merchandise values of \$5,000 and \$10,000 or more who neglect to insure them? Then why do they not insure their incomes and earnings, which are their very life blood?"

Mr. Foster expressed the opinion that these values are not generally protected largely because they seem mysterious and complicated to many producers and field men. Mr. Foster recommended that each special agent buy rental insurance on his own account or solicit his landlord for rent insurance.

Prospects for use and occupancy insurance, according to the speaker, are found among any persons, firms or corporations that are engaged in a legitimate and financially successful business enterprise. Prospects for rent and rental value insurance may be found among any persons, firms or corporations that own substantial structures used for legitimate purposes.

"In other words," Mr. Foster pointed out, "use and occupancy contemplates earnings resulting from use; rent and rental value contemplate use only."

Mr. Foster declared that there is a field for rental value cultivation among schools. Many school districts, he said, are without funds and the loss of a school by fire or windstorm, necessitating a heavy expense, to carry on in a

Urges Program Method in Selling Automobile

The program method of selling automobile insurance stimulates sales because it is a complete diagnosis and prescription which discloses to insureds who are carrying only fire and theft, public liability and property damage that this is only 25 percent of the cover which they need for complete protection, Charles D. Calkins of the Travelers field service points out.

"This method is an excellent way to awaken your prospect and assureds to the knowledge of their possibility of loss from automobile accidents," he says. "You should outline a complete program for each one, going into details as to coverage and cost. Only in this way can you sell adequate protection. Don't forget that this method can be used with garages as well as individuals."

"More sales are lost on haphazard selling methods than from any other single sources. You must have a clearly defined idea of what you want to sell, and why, and how much it costs, if you expect to demonstrate to a prospect his needs."

Mr. Calkins suggests preparing a printed or multigraphed form listing the coverages to be laid before the prospect during the interview. For individual owners the list should contain public liability, property damage, collision, plate glass, fire, theft, tornado, windstorm and accident, and for garage prospects "P. L." and "P. D.", passenger livery, if any; commercial livery, if any; damage to property in charge of assured, additional assureds, elevator, fire and theft.

portable school or otherwise, would cripple the board for years, beside bringing down the wrath of the taxpayers for the board's neglect to protect such loss. Churches likewise, he said, are prospects for rental value and he also mentioned that public bridges should be thus covered.

In concluding Mr. Foster pointed out the necessity of agents making more than one call on prospects for use and occupancy, rent or rental value. A recent survey made by a trade association, he said, showed that 80 percent of all sales to their members are made after four or more calls. The survey showed that 48 percent of the salesmen who called made one call and did not come back; 25 percent made two calls and quit; 15 percent made three calls and quit while only 12 percent made four calls or more and the 12 percent got 80 percent of the orders. "It is the constant pounding away that gets the business."

Miniature Golf Courses

There are upwards of 25,000 peewee golf courses in the country. There have been accidents on these courses, although the hazards at first sight may seem to be small. The owners of these courses are prospects for public liability and property damage, which indemnity protects them against damage claims by patrons or others who may be injured because of the operation of these courses. The minimum premium for public liability is \$15 and property damage \$10.

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The National Underwriter

July 9, 1931

CASUALTY AND SURETY SECTION

Page Twenty-nine

Chicago Draft Is Now Prepared

National Bureau Submits Suggested Constitution to the Local Committee

NEW ORGANIZATION URGED

General Manager Beha Will Visit the City Soon to Talk Over the Situation

NEW YORK, July 8.—Members of the Chicago committee of the National Bureau of Casualty & Surety Underwriters have now received from General Manager J. A. Beha the final draft of the constitution for the local organization there. Assuming that there be no further corrections suggested, the agreement will probably be submitted to members of the bureau as a whole. Whether this will be done at a regular or special meeting or through the medium of the mail has not been determined.

Approved In Principle

The general membership approved in principle the proposed organization for Chicago some time ago, leaving the preparation of the details to an unusually capable committee. It is proposed to tie up the agents' association with the bureau office in Chicago for the more prompt and satisfactory settlement of all problems local in character. Mr. Beha will likely visit Chicago in the near future, at which time he hopes to get the new program started. Meanwhile Robert Roundtree is in that city looking into one or two matters upon which Mr. Beha desired information.

Company members of the bureau have evidenced a fine spirit of cooperation in the effort to straighten out the much tangled casualty situation in Chicago, and the same holds with respect to the general agents and resident managers there, thus affording abundant ground for the prediction that the present effort to place the business on a satisfactory basis will prove successful.

BELIEVES IN THEFT COVER

F. M. Chandler of Chicago, assistant manager of the Employers Liability group, was called to the Maxwell street police station Tuesday of this week. The Employers Liability had furnished Mr. Chandler a new Ford coupe. The dealer brought it to a garage nearby the Insurance Exchange building Monday. At the close of business Mr. Chandler got the Ford out and drove about the downtown district for a while to see how it would go. Then he went back to the Insurance Exchange, parked his car on Sherman street and went to his office to do some work in the evening. After an hour and a half he returned to find his car stolen. The police at Maxwell street said they had recovered the car but all four wheels had been taken off.

N. Y. Asks Adherence to Rules Throughout U. S.

NEW YORK, July 8.—In full sympathy with the rules of the casualty acquisition cost conference and desiring to aid in bringing about their enforcement, Superintendent Van Schaick has sent a questionnaire to all casualty companies licensed in New York calling for the names and addresses of all agencies and branch offices in the state that receive the maximum allowance for acquisition and field supervision cost as provided in the conference rules.

A declaration that no extra "service accommodation or grant is furnished which increases the total production cost, save as here noted," is required. The same information must be furnished with

respect to all regional agents, borough agents and district agents getting in excess of the basic acquisition cost allowance and assurance given that "nowhere in the United States do we allow commissions or other allowances, nor do we incur costs in the production of business aggregating in excess of the maximum production cost provided in the conference rules, save as follows."

Extra-territorial Pledge

A list of the agents or producers and their addresses, together with the class of commissions paid, to whom the conference granted rule exceptions, is required as well as assurance that no other agent or producer anywhere in the country is paid in excess of the regulation amounts, beyond those listed.

The information must be furnished in full under the signature of each company's first official. In the letter accompanying the inquiry Mr. Van Schaick points out that the conference rules were agreed to by the companies in 1922 and had the endorsement of the National Convention of Insurance Commissioners. They have since been in full effect.

Following the formation of the conference nearly ten years ago, consider-

able difficulty was experienced in securing observance of the rules until J. A. Beha became superintendent of insurance in 1924, when he threw the full influence of his department behind the move, inducing other states to do likewise.

Interest Is Lost

In recent years, however, many companies lost interest in the move, largely because of the pirating of their agency forces by new company entrants into the field. Mr. Van Schaick now gives notice that the regulations formed for the betterment of the casualty business are not mere scraps of paper to be observed or disregarded as suits the will of the signatory offices, but are binding agreements and must be lived up to.

While the present inquiry deals with the casualty interests only, the presumption is that like action may be expected from the New York department with respect to the rules of the fidelity and surety acquisition cost conference later on. The latter body has never had the support given by the casualty men to their particular agreement, and just why will likely be known before the summer months pass.

Reason for Increase Seen

NEW YORK, July 8.—C. W. Hobbs, representative of the National Convention of Insurance Commissioners to the National Council on Compensation Insurance, has addressed a lengthy memorandum to members of the convention reviewing the experience of the carriers with workmen's compensation business and the need for granting an emergency rate increase. The main factors which produce an increase in losses in times of industrial depression, Mr. Hobbs states, are: A falling off in payrolls, both by curtailment of employment and by reduction in wage scale; an increased incentive to economy on the part of employers; tendency on the part of employees to make the most of injuries sustained, and a disposition on the part of industrial boards toward a liberal interpretation of laws.

Comments on Merits

After detailing the method employed by the insurance companies for determining the basis for the emergency rate increase Mr. Hobbs comments upon the merits of the plan, and concludes with the observation that the carriers in addition to their excessive loss claims, have sustained serious depreciations on secu-

rity values, adding that "while many of the carriers are solidly organized and have so far stood the strain they cannot do so indefinitely. Some have evidenced distinct signs of distress. The situation may not be at the moment desperate, but might readily become so. It seems folly to look for a betterment of economic conditions in the immediate future sufficient to effect general relief."

"There must be a measure of cooperation all around. The carriers cannot well decline to trim their sails to the wind; but what economies they can effect cannot afford relief unless the causes of underwriting loss are eliminated. Compensation cannot bear all the burden; but there is no reason why it should not pay its own way. The present claim for emergency relief is designed for that purpose and as such merits consideration."

H. & A. Conference 1932 Meet

The annual meeting of the Health & Accident Underwriters Conference in 1932 is to be held at the Edgewater Beach Hotel, Chicago, June 7-9, according to the announcement of Executive Secretary H. R. Gordon.

Casualty People Name Committee

National Bureau Appoints Delegates to Confer with Agency Body

TO WORK IN HARMONY

W. E. Harrington of Atlanta Heads Contingent of the National Association of Insurance Agents

NEW YORK, July 8.—Having succeeded some months ago in inducing the fire companies to appoint a managerial committee to confer with representatives of the National Association of Insurance Agents on matters of common concern before taking action, P. H. Goodwin, president of the latter body, has now been successful in securing similar action on the part of the casualty companies. The National Bureau of Casualty & Surety Underwriters has appointed as its authorized representatives F. Highlands Burns, president Maryland Casualty; T. J. Falvey, president Massachusetts Bonding; J. M. Haines, United States manager London Guarantee & Accident; C. B. Morcom, vice-president Aetna Life; J. Arthur Nelson, president New Amsterdam Casualty; A. Duncan Reid, president Globe Indemnity; R. J. Sullivan, vice-president Travelers, and J. A. Beha, manager National Bureau.

Harrington Heads Agency Body

As representatives of the National association President Goodwin selected W. E. Harrington, Atlanta, chairman; Eugene Battles, Los Angeles; G. W. Carter, Detroit; C. W. Davis, Cleveland; Albert Dodge, Buffalo; J. S. Pearce, Tulsa, and W. H. Bennett, secretary of the organization.

These committees, it is pointed out, are "set up in recognition of the necessity for a means of contact between companies and agents, to bring about a definite following of lines of proper practice on the part of both administrative and productive forces—a sincere attempt on the part of both branches to establish and maintain approved procedure for the benefit of the insuring public."

To Consider National Problems

It is anticipated that only problems of national scope will be considered by the joint committee, local questions being taken up only when efforts at their adjustment locally have proven futile, or where they may have a national bearing. It is Mr. Goodwin's thought that in passing upon issues majority rule must prevail, and be accepted by the joint committee as the report of the whole. It is his further idea that the agency membership on the committee should be as nearly permanent as possible, so that members could gain a more thorough

(CONTINUED ON PAGE 32)

Illinois Bail Bond Writing Is Now More Attractive

GOVERNOR SIGNS THE BILLS

Several Surety Companies Are Preparing to Enter the Field Actively
Downstate

Governor Emmerson having signed two Illinois bail bond bills, surety companies believe that bail bond writing in Illinois, especially down state, will now be attractive. Several companies are preparing to qualify to write these bonds. Others will qualify merely to give service to their automobile public liability and property damage policyholders who are jailed.

Under the new laws, every corporation and personal bondsman must deposit \$5,000 with the director of trade and commerce; every time a bail bond is executed, an affidavit must be filed setting up what collateral has been given; maximum rate of 10 percent for the first \$100 and 5 percent for each additional \$100 is authorized; (the Towner rate is 2 percent); each corporation and bondsman must pay a \$25 license fee.

Remittance Is Now Allowed

One feature which makes bond writing much more attractive in Illinois is the provision that if within 15 months after any forfeiture, an accused person has been apprehended or surrendered or died or has been convicted and imprisoned by some other state or by the United States, the court in which any proceeding in scire facias or foreclosure shall be pending may remit in whole or in part, according to its discretion, such forfeiture. Heretofore remittance was not permitted.

It is predicted that relatively few personal bondsmen will qualify because of the provision that when there is a forfeiture it becomes a lien on real estate. Also the requirement of \$5,000 deposit will be a deterrent. It is doubtful whether the regular surety companies will aggressively solicit bail bond business in Cook county, but many of them feel that there is good business down state. At present there are only three surety companies actively writing bail bonds in Illinois, two of them specializing almost exclusively in that business.

Credit is given to the legislative committee of the Surety Association of Chicago for getting the bail bond bills revised so that they are satisfactory to the surety companies. The committee was headed by W. O. Schilling, United States Fidelity & Guaranty, and the other members are W. H. Hansmann, Fidelity & Deposit; J. L. Maehle, American Surety, and J. P. Keever, Maryland Casualty. The committee was assisted by E. P. Kealy, counsel for the U. S. F. & G.

Judgment Against City Upheld

MILWAUKEE, July 8.—A judgment of \$14,208 against the city of Milwaukee as the result of a fire truck crash was upheld by Judge W. Schinz when the court refused to entertain motion to set it aside.

The judgment was in favor of Max Schumacher, Benjamin Schumacher, his father, and Morris Schumacher, his brother. Hyman Schumacher was killed and Max was seriously injured. J. L. Bednarek, assistant city attorney, argued that the law passed in 1929, making municipalities liable for injury inflicted by the acts of its agents, was not intended to apply in the case of fire apparatus.

New Plate Glass Member

The Standard Surety & Casualty has joined the New York plate glass service bureau, bringing the membership of that subsidiary of the National Bureau of Casualty & Surety Underwriters to 52.

In New Job



RAY A. YENTER

Ray Yenter, who has just retired as insurance commissioner of Iowa, and also as chairman of the executive committee of the National Convention of Insurance Commissioners, was formally elected president of the Federal Surety of Davenport last week and he has taken his new seat looking ahead toward hard work but constructive achievement. He is a lawyer, having practiced law in Iowa City before becoming insurance commissioner. He is a colonel commanding the 113th cavalry of the Iowa National Guard.

Hertz Truck Renter May Place His Own Insurance

In a bulletin to members, W. G. Wilson, president National Association of Casualty & Surety Agents, says that renters of trucks under the new plan inaugurated by the Hertz Driveyourself Corporation have the responsibility for placing and handling the public liability and property damage coverage for their joint interests.

"The Hertz Driveyourself Corporation (controlled by Yellow Truck & Coach Manufacturing Co., subsidiary of General Motors Corporation) has embarked upon a novel and possibly far reaching development in the field of commercial truck fleet operations," Mr. Wilson reports.

Applied to Deliveries

"Applying the drive yourself idea to delivery service, this concern is offering to supply the motor equipment and fully maintain it, permitting the renter to control the road operation of the fleet through his own drivers.

"Their scheme contemplates furnishing not only the trucks but completely servicing them, thereby releasing the private capital of the renter and fixing his cost on a rental and mileage basis.

"We deem this worthy of special mention because the Hertz Corporation, realizing the close business relationship between fleet owners and their insurance agents, and desirous of avoiding any upset or disturbance of these contacts, has consented to leave with the renter the responsibility for placing and handling the personal injury liability and property damage coverage for their joint interests. They specify the form and limits of coverage and retain the right to veto any carrier not meeting their standard of security and service.

"This is but another evidence of the trend in big business to 'live and let live.'"

The Employers Reinsurance has been licensed to write burglary insurance in Canada, in addition to the classes for which it is already licensed.

Compensation Rate Advance Refused by Oklahoma Board

MORE COST DATA REQUIRED

Request for Increase Pending Final Decision Turned Down—Commission Chairman Attacks Companies

OKLAHOMA CITY, July 8.—The application of the National Council on Compensation Insurance for rate increases on compensation insurance in Oklahoma was denied by the insurance board at a hearing here last week, pending the receipt of more detailed data from companies. The board ordered the 60 companies writing this form of insurance in the state to furnish further details, under oath, as to the costs of such insurance.

The board refused requests of representatives of the oil industry, lead and zinc industry and retail merchants for an order requiring the companies to furnish detailed costs of insurance as to their classifications, but reserved the right to reconsider after the companies have complied with the original order.

Temporary Increase Refused

It also denied a request by the companies' attorney that the increased rate be granted as of June 30, to continue in effect until final decision is made, on the understanding that if the increase is denied the additional charge in premiums will be refunded. The attorney hinted that the delay, which might run into several months, would do the companies irreparable injury and that "there is no use killing compensation in Oklahoma."

Outlining the attitude of the state industrial commission on the testimony at the hearing that the commission was largely responsible for the needed increase in rate, Chairman Doyle stated that "insurance companies of Oklahoma have been cheating deserving men out of compensation for years" and that old claims have been revived because they slipped by under the old non-liability law. He challenged figures offered by the companies, stating that the claims paid as shown by the commission's records amounted to less than those shown by the companies' records. He further stated that the companies had done "everything in their power to evade the compensation act in Oklahoma."

North Carolinians Object to Auto Liability Rates

ASHEVILLE, N. C., July 8.—The large increase in automobile liability insurance rates just imposed on North Carolina by the National Bureau of Casualty Underwriters, official rate making body of automobile liability companies, is hardly justified and will probably result in a decrease in business in this branch of insurance in the state, according to the opinion expressed today by J. W. Tisdale, president Asheville Fire & Casualty Agents Association. The increase, which became effective June 29, was unexpected by the agents because of depressed business conditions, Mr. Tisdale says.

The new North Carolina rates are \$35 for all four cylinder cars and light sixes heretofore \$24 per car; \$50 for eight cylinder cars heretofore \$37; and \$38 for the heavier six cylinder cars heretofore \$29. On taxicabs and public service cars a general increase of 10 percent over the former rate has been fixed.

The new North Carolina automobile financial responsibility act which became effective July 1, compels all public service cars to take out automobile liability insurance for personal and property damage incurred in the carrying of passengers. Several thousand of these will be affected by the new liability rates in North Carolina.

Liberty Surety Bond Is in Big Philadelphia Merger

TERMS ARE NOW ANNOUNCED

Trenton Stockholders to Get Three Shares Commonwealth Casualty for Each Liberty Share

TRENTON, N. J., July 8.—Sale of the Liberty Surety Bond of Trenton to the Commonwealth Casualty of Philadelphia, has been proposed by President J. W. West to the stockholders. The terms proposed are that stockholders of the Liberty Surety shall receive three shares of Commonwealth Casualty in exchange for each share of Liberty. It is proposed to deposit in escrow 8,500 shares of Commonwealth stock, which will be apportioned to Liberty stockholders should the assets of the Liberty show an increase warranting a distribution in excess of the three to one ratio.

The Commonwealth shares so issued, the communication reads, will have a liquidating value of between \$34 and \$35 a share. The new company will have gross admitted assets in excess of \$7,000,000. All business of the Liberty Surety would be immediately reinsured by the International Reinsurance of which Carl Hansen, who holds the controlling interest in the Commonwealth Company, is president.

The Liberty Surety Bond was organized in 1925; started business in 1926 and included among its stockholders and directors men active in the political affairs of New Jersey. Some of them are also directors in the Commonwealth.

The company was organized by a group of New Jersey state officials headed by N. A. K. Bugbee, former state comptroller, and former Mayor W. F. Kendrick of Philadelphia, now president of the Commonwealth Casualty. Its addition to the merger of the Independence Indemnity with the Commonwealth, already approved, will make it one of the largest in the country.

A committee consisting of President West, R. M. Johnson and J. F. Burke has been appointed to receive Liberty Surety stock in furtherance of the merger.

Expect Drop in Alabama Auto Liability Premiums

BIRMINGHAM, ALA., July 8.—Alabama agents anticipate a considerable drop in their automobile liability business as a result of an increase in rates from 21 to 55 percent recently announced by the National Bureau. This type of business had fallen off materially before the increase was put into effect and poor collections have worried companies and agents for some time. Increases were based on the experience of companies writing automobile insurance in Alabama, which shows a four-year loss ratio of 97 percent in connection with private passenger liability insurance, and a loss ratio of 93 percent in connection with commercial vehicle liability insurance.

The executive committee of the Birmingham Association of Insurance Agents expressed regret at the increase but in a published statement took the view that it was inevitable, due to the state's high loss ratio. The loss ratio in the rural territories in the state has averaged 141 percent on private passenger cars and 134 percent on commercial cars.

Property damage rates were also increased but not in the same proportion as public liability.

A drivers' license law now pending in the legislature is backed by the Alabama association, safety councils, and other interests which believe that such a law would materially reduce accidents with resulting insurance claims.

One Policy Plan Is Now Adopted

Standard Surety & Casualty Puts
Simple Form on the
Market

FEATURES ARE SHOWN

Contract Aims to Present All Coverage
in Concise Form and Is Easily
Understood

President F. G. Morris, a strong supporter of the proposals put before the Bureau of Personal A. & H. Underwriters for simplification and uniformity in accident contracts, announces that the Standard Surety & Casualty of New York is now prepared to issue what it believes to be a most simple and consistent policy with the broadest coverages known for the common every-day hazards.

Departing from time honored precedents it is introducing the "One Policy Plan" for the primary purpose of serving the multiple line agent who has always been opposed to the "57 varieties."

For sales effect, eight policy titles are used, but the policy is one and the same. There is the "dentist's" policy which may be sold to dental laboratory workers as well as dentists; the "doctor's" policy which includes psychiatrists, oculists and roentgenologists as well as physicians and surgeons; the "office man's" contract which extends to those engaged in such occupations as accountants, bookkeepers, cashiers and clerks as well as executives, managers, superintendents, etc.

Woman's Policy

For female risks there is the "office woman's" policy which may be sold to women employed as secretaries, stenographers, typists, bookkeepers, clerks or any other general office work; the "manufacturer's" policy for persons engaged in the manufacturing of any article except explosives; the "merchant's" form for those selling merchandise on the wholesale or retail basis; the "salesman's" policy for commercial travelers as well as wholesale or retail salesmen, and the "occupational" policy covering persons whose occupation does not fit in with any of the aforementioned forms.

President Morris Takes Policy No. 1

In the preparation of the new policy consideration was given to the selling problems of the multiple line agent whose long registered complaint has been, "Too many policies, too complicated," the chief cause for the limited interest he has shown in the accident line despite the lucrative rate of commission it has always afforded. With these facts in mind, Mr. Morris, in a frank letter to the field representatives, explains:

"It was obvious that we would have to find some new way, or devise some new plan, for the writing of this business in order that our agents might not have cause to register the same complaint. And so, believing that a plan of concentration would be productive of better results for all concerned, we decided to come forward with the 'One Policy Plan.'" Taking the first policy issued, Mr. Morris invites the agents to join him as first policyholders.

"The multiple line agent," says A. J. Mountrey, accident department manager, "cannot afford the time to study the '57 varieties.' What he wants is

(CONTINUED ON NEXT PAGE)

Story of the Rehabilitation of the Federal Surety Company

The rehabilitation of the Federal Surety and the announcement that it will again enter the direct writing field unfolds an achievement on part of the Lloyds Casualty group cooperating with the so-called local Iowa group, who were confronted with almost unsurmountable difficulties, that deserves recording. The Lloyds Casualty is retiring entirely from the Federal Surety, Frank Cohen, vice-president of the Lloyds Casualty remaining on the Federal Surety board temporarily. The Lloyds Casualty people gained control of the Federal Surety last year buying the interest of a couple of investment houses. The former owners had lost money and it was the plan of the Lloyds Casualty group to inject into the Federal Surety more substantial ballast.

Financial Guarantees Made

Two or three months after they came in possession of the Federal Surety they found that mortgage guarantees had been issued by the Federal Surety amounting to some \$700,000 in buying the Liberty of Dayton. Later on it was found that financial guarantees to the extent of \$1,000,000 had been issued in connection with the Darby A. Day Investment Company of Chicago in purchasing the Automobile Underwriters of Dallas. These guarantees were based on sworn state insurance department reports but it turned out later that the Darby Day structure was built only on sand. Steps were immediately taken to reduce the guarantees and some \$400,000 of the mortgage guarantees were returned. The \$1,000,000 bond running to the stockholders of the Automobile Underwriters of Dallas was reinsured in the International Reinsurance of Los Angeles. These guarantees were all in connection with the Darby A. Day promotion schemes.

Little in Sight at Day Office

The Lloyds Casualty people therefore began casting about to see what could be secured from the Day interests. It was found that the Darby A. Day companies did not have the assets that had been claimed and little seemed to be in sight. All the Darby A. Day companies went in the hands of a receiver including the Chicago Fidelity & Casualty, Continental Indemnity, Automobile Underwriters and Liberty of Dayton. This caused a commotion among the state insurance commissioners and state supervision was ridiculed. Fred Callihan of Memphis, an attorney, was called in by J. C. McCutchan of the Darby A. Day office to endeavor to work out and rehabilitate the fallen fortunes. Mr. Callihan appealed to Commissioner Ray A. Yenter of Iowa to see what could be done. They then summoned Vice-President Frank Cohen of the Lloyds Casualty, who is a financial expert, to assist them. Mr. Cohen has given 13 weeks of steady effort to the resuscitation process.

Dallas Bond Is Cancelled

The financial guarantees running to the stockholders of the Automobile Underwriters are to be cancelled and the stockholders are to receive Federal Surety stock valued at \$250,000 and real estate mortgage bonds which have been purchased but whose interest is in default guaranteed however by the Federal Surety and the New Jersey Fidelity & Plate Glass. It is expected, however, that the real estate bonds in the course of five years can be worked out so that much of the slack will be taken up. Mr. Cohen for the Lloyds Casualty agreed to contribute 15,000 shares of the Federal Surety stock which the Lloyds Casualty owned so that the Dallas deal could be made. The International Reinsurance which had the million dollar bond running to stockholders of the Automobile Underwriters guaranteeing to repurchase Chicago Fidelity & Cas-

ualty stock within a year if they were dissatisfied agreed to purchase the necessary real estate mortgage bonds to be handed over to the Texas stockholders. These financial guarantees are now deposited in the First National Bank of Chicago for cancellation.

Takes Over Liberty of Dayton

The Federal Surety agreed to reinsure the insurance liabilities of the Liberty of Dayton receiving all its assets, right of action, etc. The Lloyds Casualty people declare that there is cause for action against the Liberty directors in view of the fact that the examination brought out the fact that its good assets were taken out and those of dubious value substituted. The Lloyds Casualty people made it plain to the state authorities and courts in Ohio that they should proceed with the prosecution. The Liberty plant and assets will be salvaged.

Old Trails Purchased

It was found that the Automobile Underwriters of Dallas was too far debilitated to be saved. Mr. Callihan was connected with the Old Trails Insurance Company of Memphis. He had headed a Memphis company, the National Automobile & Casualty of Memphis and the Old Trails and Oak Auto of Indiana were taken over, the merged company locating at Memphis. It was agreed that the Federal Surety should purchase the assets of the Old Trails, putting up 20,000 shares of Federal Surety stock. The Lloyds Casualty people agreed to exchange the 20,000 shares of Federal Surety stock which they own for other assets. The Old Trails on Dec. 31 showed assets \$548,298, capital \$151,446, surplus \$30,000.

Federal Surety Capital Cut

The Federal Surety cut its capital from \$1,235,238 to \$600,000 and turned everything into surplus. This gives it capital \$600,000, surplus \$600,000, voluntary reserve \$250,000, total insurance liabilities \$1,750,000, total assets \$4,500,000. The Lloyds Casualty officials aside from Mr. Cohen retire from the directorate, their places being taken by those connected with the Old Trails and the Automobile Underwriters. The Lloyds Casualty people found that the good assets taken out of the Liberty of Dayton and the Automobile Underwriters had never been restored.

Federal Surety Stock Distribution

The stock distribution of the Federal Surety at present approximately is as follows: 15 percent in Texas, 20 percent in Tennessee, 30 percent in Davenport, 15 percent with P. W. Chapman & Co., investment people, and the rest scattered. It is announced that the Federal Surety will do now a direct writing business but will not write surety. It will confine its activities to the central western states. Its charter is amended so it can write fire and theft automobile insurance.

The Lloyds Casualty directors decided to have the Federal Surety cease direct writing some months ago thus saving piling up further liability. During the past seven months the Federal Surety has paid out in claims about \$1,500,000. This was made possible by the Lloyds Casualty group and the Davenport banks standing by the Federal Surety and advancing the money.

All Obligations Have Been Met

The Federal Surety had confronting it some \$3,000,000 in claims, financial guarantees, etc. All these liabilities have been disposed of. When it was found that the Federal Surety was behind the financial guarantees it brought the company into the Darby A. Day picture, which was found to be a serious mess. The company is now revamped. It has elected an excellent board of directors and a fine official slate. In view of all

Kentucky Is First to Grant Increase

Horizontal Advance of 9.4 Percent
in Compensation Rates
Allowed

TARIFF APPLIES SEPT. 1

National Council Men to Spend Ten
Weeks Campaigning for Higher
Charge in Other States

Kentucky is the first state to recognize in substantial form the plight of the compensation companies and to grant the 9.4 percent flat rate advance on all risks asked for on behalf of the carriers by the National Council on Compensation Insurance.

The new tariffs, sanctioned by the Workmen's Compensation Board of Kentucky, become effective September 1. It is hoped other states will follow the example of Kentucky and allow the emergency increases held by the companies to be essential for the future well-being of the business. It is intended that W. F. Roerber, general manager of the National Council, and H. F. Richardson, its secretary, will spend a good part of the next ten weeks visiting the governing authorities of the different states and making clear to them features of the compensation rate appeal.

Roerber Defined Position

The present position of the compensation writing companies was set forth by Mr. Roerber in his memorandum to the National Convention of Insurance Commissioners at the Chicago meeting a month ago, the commissioners generally expressing sympathy therewith. The losses have been especially severe during the past 18 months, the increase being marked following the crash in the financial market in the fall of 1929, and the general business depression induced thereby, and which still continues with every indication that it will for months to come.

Even under two-thirds of the customary wages granted under the compensation laws, many injured employees find it more profitable to remain at home than to return to work, if indeed their positions are still open to them. That malingering obtains to a considerable extent is undoubtedly true, and this materially adds to the loss record of the companies.

A further additional expense is the advance in medical and hospital costs. While some of the medical associations have taken steps to keep the charges of their members within reasonable bounds, the results are not yet apparent.

In times of general distress injuries in damage cases are unusually sympathetic with injured claimants and awards are gauged accordingly. As against these increasing loss factors, the casualty companies face reducing incomes, the curtailment of activity on the part of practically all business enterprises correspondingly reducing the payroll premiums of the carriers. Stock and non-stock companies alike have had the same general loss experience and are as one in their appeal to the state rating authorities for an increase in rates that will carry over until general business recovers.

that has been accomplished the Lloyds Casualty people and the Davenport group need to be heartily commended.

The assets of the Chicago Fidelity & Casualty were purchased for some \$18,-

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Unjust Attack Is Launched on New York Department

ATTORNEY'S CRITICISM HARSH

Low First Cost Taxicab Mutuals Not Strong Enough to Meet Numerous Claims

NEW YORK, July 8.—In the course of his argument before the local laws committee of the board of aldermen favoring the bill providing for a board of taxicab control, L. M. Wallstein, well known attorney of this city, launched an attack upon the insurance department, holding it negligent in not preventing the failure of eight of the 15 mutuals formed since 1922 to grant liability and property damage insurance to taxicab owners. It is hard to understand how the department can be held responsible for the unfortunate state of these concerns, all of which were formed in compliance with the law. In patronizing these institutions, especially those of recent creation, assureds were attracted by the bait of immediate low rates, ignoring entirely the lack of financial responsibility behind them and the possible assessment liability.

Substantial companies, realizing the hazardous character of taxicab risks, pitched their premiums accordingly and while these were none too high to enable the payment of claims, they appeared exorbitant to many taxicab owners, who preferred instead to patronize the low first cost mutuals. Despite the constant watchfulness of the department, one after another of the mutuals was forced to succumb because of its loss experience. Claimants were compelled to accept such compromise settlements as the realizable assets of the defunct concerns warranted.

Story of Rehabilitation of the Federal Surety

(CONT'D FROM PRECEDING PAGE)

000, Vice-President Cohen of the Lloyds Casualty representing the stockholders and agreeing to see to it that those responsible for its collapse will be prosecuted. Claims have been already filed with the National Surety which was on the bonds of officers of the Liberty and Federal Surety.

New Official Slate

Ray Yenter, the head of the Federal Surety, will be the power behind the throne. B. W. Balay, who was secretary of the Old Trails, has been elected an officer and will have charge of the underwriting at the head office. Col. George W. French, chairman of the board and director of the Rock Island railroad, is one of the leading men in his community and is chairman of the board. Ray Nyemaster, vice-president of the American Commercial & Savings Bank of Davenport, is chairman of the executive committee. He has been a big force in the rehabilitation. Attorney Fred Callihan of Memphis becomes general counsel.

A. Kronkosky, who was chairman of the board of the Automobile Underwriters of Dallas, becomes vice-chairman of the finance and executive committee of the Federal Surety.

J. T. Russell of Memphis, president of the Russell-Heckle Seed Company, who was a director of the Old Trails becomes a director of the Federal Surety. J. R. Jones, who is president of the Liberty of Dayton, becomes vice-president of the Federal Surety in charge of operations in Ohio and adjacent territory. G. W. Baillio, who was vice-president and general manager of the Automobile Underwriters, is elected vice-president in charge of the Dallas office. Dr. G. W. Decker, vice-president and medical director of the Register Life of Davenport, and F. B. Yetter, vice-president American Commercial &

Savings Bank of Davenport, are elected vice-presidents. The directors may be classified as follows: Davenport, Colonel French, Mr. Nyemaster, Ray Yenter, C. W. Borg, Borg-Warner of Rock Island, E. B. Lindsay, vice-president Lindsay & Phelps Company, Davenport, Dr. Decker, A. C. Mueller, attorney at Davenport, and Mr. Yetter; Texas, Mr. Baillio and Mr. Kronkosky; from Memphis, Messrs. R. F. Carr, a railroad man, J. T. Russell and Mr. Callihan; Theo E. Meyer, Indianapolis. Mr. Mueller was elected treasurer. Theo. Lorenzen continues as secretary.

One Policy Plan Is Now Adopted

(CONT'D FROM PRECEDING PAGE)

one good clean-cut policy which he may sell to his clients with complete confidence and assurance that it will not cause the loss of an account when the claim arises. Our 'One Policy Plan' fully meets this demand, first because it relieves him of the burden of searching through a multiplicity of forms for the one which might best fit his client's needs, second because our policy is devoid of all those negative phrases which too often have been the cause of argument and legal combat."

An original feature of the new policy is that the indemnities provided are plainly set forth in bold type in the beginning of the contract. "In the great majority of cases," says Mr. Mountrey, "unless the agent enumerates the benefits contained in an accident policy, the average layman must read the policy several times before he knows what coverages he has purchased. Our policy tells the prospective purchaser at the very first glance what the coverages are, thus eliminating from his mind all possible doubt as to the number of benefits he may collect at the time of claim."

Another feature is the "five-in-one" indemnity payments for any one accident covering expenses, hospital, nurse, operation fee and weekly indemnity, in addition to all other indemnities provided in the policy. An amount equal to four times the weekly indemnity is paid for x-ray film, operating room, anesthetics, bandages, medicines, etc.

The usual 90-day restriction in the hospital and the nurse clause has been eliminated; the words "immediately" or "from date of accident" have been omitted from the total disability clause; the time limit within which disability may develop is thirty days. The death or dismemberment period has been extended to one year irrespective of total or partial disability. The time limit within which death or dismemberment may occur with total disability is six years rather than the usual 200 weeks. Partial disability payments are for 52 weeks. Assault by burglars or highwaymen is fully covered as well as the hazards of asphyxiation, sunstroke, freezing, hydrophobia and choking while swallowing.

Casualty People Name Committee

(CONTINUED FROM PAGE 29)

knowledge of subjects under review than would be otherwise probable.

Voicing his opinion of the cooperative move and the cordial reception given it by officials, President Goodwin said in part:

"I am sorry that I cannot express properly to the agency force at large the wonderful cooperation I have received from company executives, with remarkably few exceptions. It is my opinion that the great majority of them realize that the National Association of Insurance Agents is of vast benefit to the insurance business of this country, and that they are extremely friendly toward agency organization."

Can't Sue on Policy Until Judgment Against Assured

MADISON, WIS., July 8.—A double dismissal of the suit of Arthur Fulleylove against Arthur Holmes and the Constitution Indemnity appears to clarify the Wisconsin law giving the injured a direct claim against a liability insurance company in automobile accident cases. Circuit Judge Belden of Kenosha dismissed the \$10,000 suit. On appeal the supreme court reverses Judge Belden on his reasoning, but orders a dismissal for reasons of its own.

Insured Disappears After Accident

The Constitution issued a policy to L. H. Hombs. "Hombs" gave notice of the accident and then disappeared. The injured brought suit against "Arthur Holmes" and the Constitution, making the insurance company a joint defendant under the Wisconsin law.

The driver having disappeared, the sole defense fell upon the insurance company. The Constitution made two defenses. First, that if Arthur Holmes and L. H. Hombs were the same person, it was not liable on the policy because of a breach of the condition requiring the assured to aid in the defense. Second, it relied on the "no action" clause in its policy.

Each Court Had a Reason

Judge Belden dismissed the action against the Constitution on the first ground. The supreme court reverses this, pointing out that the assured is only required to aid in the defense upon request of the company, and there was no evidence of any such request having been made, the assured having disappeared. However, the supreme court sustains the "no action" clause and orders a dismissal on that ground.

The "no action" clause was added by many companies to their Wisconsin policies following the passage of the direct action law. The new clause does not prevent the assured from suing the company, but avoids the prejudice of juries at the trial by postponing the company's liability until judgment against the assured has been rendered.

Hold Session on Sloop

NEW YORK, July 8.—The governing committee of the boiler and machinery department of the National Bureau of Casualty & Surety Underwriters held a two-day session aboard the auxiliary sloop of J. P. H. De Windt, manager of the department, cruising about Long Island sound.

Transportation Companies Quit

BIRMINGHAM, ALA., July 8.—Passage of laws in Alabama and Georgia requiring commercial carriers, trucks and buses to carry liability and property damage insurance is causing a number of the transportation companies to go out of business. Companies are finding an unprofitable experience on some of the lines and other carriers are unwilling or unable to take out the proper coverage required by public service officials.

COMPANIES MUST PAY EXAMINERS' SALARIES

SPRINGFIELD, ILL., July 8.—Salaries of state examiners for the days they spend examining mutual casualty companies should be paid by the companies along with other examination expenses, Attorney General Carlstrom advises the superintendent of insurance. The attorney general disagreed with the contention of a company that the salaries of examiners are not part of the expense such as shall be paid by a company which is being examined.

Admission to Mississippi has been secured by the Fireman's Fund Indemnity.

Wisconsin Restricts Policy Limitations in New Law

MADISON, WIS., July 8.—Restrictions as to limitations of casualty insurance policies are provided for in Bill 49 S which has received Governor LaFollette's signature. It provides that no automobile liability policy shall restrict the coverage afforded as to the following:

"To persons while driving or manipulating a motor vehicle, who shall be of an age authorized by law to drive; to the operation or use of such motor vehicle for unlawful purposes; to the operation, or use while the driver is under the influence of intoxicating liquors or narcotics; while such motor vehicle is engaged in the transportation of liquor in violation of law, or while such motor vehicle is operated in a reckless manner. No policy of insurance, agreement of indemnity or bond referred to in the subsection just quoted shall exclude from the coverage afforded or the provisions as to the benefits therein provided persons related by blood or marriage to the insured. No such policy or bond shall limit the time for the giving of notice of any accident or casualty covered thereby to a period less than that provided in section 204.29."

Record Illinois Session

Secretary E. M. Ackerman of the Insurance Federation of Illinois reports that 115 bills and two resolutions were presented during the session of the Illinois legislature which recently adjourned. Thirty-six bills and one resolution passed both houses and Governor Emmerson has signed 12 of these measures. Mr. Ackerman finds that the recent session set a record for insurance proposals in the Illinois assembly.

The Illinois assembly was concerned chiefly with casualty and automobile lines. One of the important measures to be passed and signed by the governor was the law limiting liability of an automobile driver to his guest to accidents caused by wilful and wanton negligence. These guest actions have cost the companies heavily and the casualty companies are gradually increasing the number of states in which guest liability is limited.

To date, Governor Emmerson has not vetoed any insurance measures and he is reported to be opposed to only two bills enacted by the assembly.

Heads United Commercial

COLUMBUS, OHIO, July 8.—W. Urquhart, Savannah, Ga., was elevated to supreme counselor of the United Commercial Travelers at the annual convention here.

Other officers named were: R. H. Davis, Cortland, N. Y., junior counselor, and Capt. E. B. McMaster, Vancouver, B. C., supreme conductor.

Mr. Urquhart, 44 years old, is the youngest man ever elected supreme counselor.

Metcalf With Standard Surety

F. R. Metcalf has been appointed regional supervisor of the Standard Surety & Casualty, and assigned to its Philadelphia office. He began his underwriting career in Buffalo and subsequently served as manager of the Cleveland branch of the Standard Accident of Detroit, becoming resident vice-president for the company at Philadelphia in 1928.

Neurasthenia Compensable

LINCOLN, NEB., July 8.—Neurasthenia following an injury is held to be compensable and the injured is allowed \$11.48 a week until recovery in the case of Smith vs. Lincoln Telephone & Telegraph Company, just decided by the Nebraska supreme court.

Write The National Underwriter, Cincinnati, for "The Value of Knowing," a free booklet on property insurance.



"SEEING AMERICA WITH ÆTNA," a unique 48-page Tour Book, which Ætina is advertising in The Saturday Evening Post, Collier's, The American, Literary Digest, National Geographic and other leading national magazines, is bringing in thousands of *profitable leads* for Ætina representatives from Coast to Coast.

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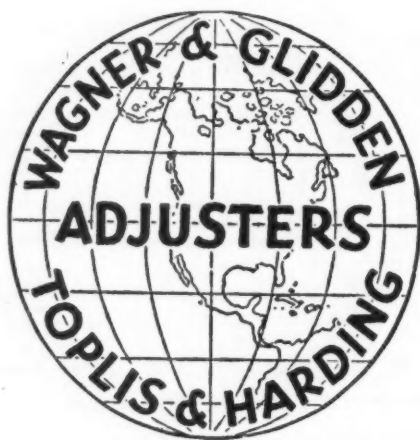
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CHANGES IN CASUALTY FIELD

Many Promotions Announced

New Appointments Made by Lumbermen's Mutual Casualty and Its Affiliated Companies

W. J. Constable, formerly secretary Massachusetts Rating Bureau, has been appointed resident secretary in Boston for the Lumbermen's Mutual Casualty of Chicago and the American Motorists. Other changes in the staff of these companies include the elevation of R. J. Dunn, assistant secretary of the New England claim department; R. E. Howe, assistant secretary for compensation claims, and W. R. Mengelberg, assistant secretary for home office underwriting, to be second vice-presidents.

T. H. Gillespie, assistant to the executive vice-president; W. J. B. Janisch, superintendent of agencies, and M. P. Luthy, advertising director, have been elected assistant vice-presidents. W. H. Thompson, accounting department, is now general auditor.

New assistant secretaries are H. L. Bloom, automobile claims; W. A. Dearborn, safety; F. J. Hurley, legal; G. H. McClure, credit; A. J. Mayer, claims, and F. J. Scannell, compensation claims.

J. A. Cornell Iowa Special Fireman's Fund Indemnity

J. A. Cornell, who has been connected with the Hartford Accident in the west for seven years, has joined the Fireman's Fund Indemnity as Iowa special agent. Mr. Cornell has traveled four years in Iowa for the Hartford Accident. Before that for three years he was in its western department office. He is a son of the head of the audit department of the Hartford Accident in Chicago.

Mr. Cornell's office will be with the Hawkeye & Des Moines department of the Fireman's Fund in Des Moines. He will work in close association with W. W. Waddell, manager of the Hawkeye & Des Moines department, and with J. F. Fellows, Iowa state agent for the Fireman's Fund.

McConnell of Ocean Joins Associated as Claim Man

F. T. McConnell, who has been connected with the claim department of the Ocean Accident for 13 years, has joined the Associated Indemnity and Associated F. & M. in its Chicago office, as superintendent of the claim department. He will be responsible to R. R. Clark, newly appointed manager. For the last three years Mr. McConnell has been traveling claim supervisor for the Ocean. Before that for five years he was claim superintendent at Chicago and before that claim superintendent at Indianapolis. He started in claim work with the Fidelity & Casualty in Indianapolis.

J. W. Bolton, Jr., With Ocean Accident in Chicago Office

J. W. Bolton, Jr., who until recently was connected with the Public Indemnity in Chicago, has joined the Ocean Accident in that city as superintendent of the compensation and liability underwriting department. Mr. Bolton's early insurance training was in the south. Later he went to Chicago to become branch manager of the Georgia Casualty and when that company was taken over by the Public Indemnity, he remained for a few months. Mr. Bolton is serv-

ing his second term as president of the Insurance Club of Chicago.

Loose Goes to Home Office

The Bankers Indemnity of Newark announces the transfer of H. D. Loose, superintendent of the New York City claim department, to take charge of the home office claim department, succeeding Mr. Ticknor, who died May 26. Mr. Loose, who is 44 years of age, has been engaged in the casualty and surety business for 24 years. His first experience was with the Preferred Accident and he has been successively employed by the London Guarantee, the Aetna Casualty and the New York Indemnity.

Suspend Metropolitan Mutual

The Pennsylvania department has issued an order suspending the certificate of authority of the Metropolitan Mutual Automobile Casualty of Philadelphia. Commissioner Armstrong issued the order as a result of revelations made during an examination now under way by the department. The company was incorporated last year and commenced business July 17, 1930. William Bast is president; D. C. Boggs, Jr., secretary-treasurer, and Otto Steinacker, vice-president.

Riddell Gets Southern California

J. A. Riddell has been appointed general agent of the Mercer Casualty in charge of southern California, with headquarters at 3806 Beverly boulevard, Los Angeles.

H. L. Webb, who has been at the Newark office of the Aetna Casualty & Surety, has become a special agent at the Atlanta branch office. C. G. Brattford, adjuster in the claim department at Newark, has been appointed special agent there.

Workmen's Compensation

Enforce New Wisconsin Laws

Compensation Board Requires Companies to File Notice of Compliance —Many Changes Made

MADISON, WIS., July 8.—The compensation insurance board has reorganized with Commissioner Mortensen as chairman and E. W. Kitzrow secretary. The third member is F. M. Wilcox, chairman of the industrial commission.

The board adopted a resolution requiring the calling of a meeting of the company members of the Wisconsin Compensation Rating & Inspection Bureau within 30 days after June 25, and calling all individual companies to file notice of compliance with the new law requiring rejected risks to be carried jointly by all companies.

Changes in Law Summarized

It is estimated that acts of the 1931 legislature will increase compensation benefits 12 percent, said to be the largest increase in any state this year. Changes in the compensation act included a new basis of compensation for major permanent disabilities, the effect of which is to increase payments for some injuries as much as 25 percent; increase in percentage of indemnity for temporary disability from 65 to 70 percent of wages; reduction in waiting period from seven to three days and elimination of waiting period altogether where disability extends beyond 10 days. This latter measure alone will nearly

double the number of cases in which compensation will be paid.

Other measures are the Ingram law which makes the compensation law compulsory for all employers; modification of the law governing third party liability, so that persons injured through the negligence of a third party can recover both compensation and any amount in addition from the third parties responsible for the injuries, with the provision that the employer may recover the amount he has paid if more is received from the third party; change in the basis for computing the compensation payable to minors for permanent injury; provision for death benefits to children, even where the father has been divorced and no longer has custody of the children.

General Revision in Texas

Texas Commissioners Order Compensation Rate Increases on Some Classes, Decreases on Others

AUSTIN, TEX., July 8.—General revision of workmen's compensation insurance rates for Texas has been completed by the insurance board and will be made effective Aug. 1.

Classifications of hazards in which the Texas payroll amounts to \$1,000,000 or over for the last policy year or an aggregate of \$4,000,000 or over for the latest five-year statistical period, are suggested principally. The rate changes were made on the experience of each classification. In accordance with the experience some rates were lowered and others raised. Among those lowered are cotton gins, cotton compresses and sugar refineries. Those increased include automobile manufacturing, electric light and power line construction and contracting classifications. Rates on 42 classifications were altered.

N. J. Compensation Amendment

TRENTON, July 8.—An amendment to the compensation law of New Jersey was passed last week at the special session of the legislature, which provides review of workmen's compensation judgments by the supreme court only, eliminating appeal to the court of common pleas.

Would Authorize Death Awards

OKLAHOMA CITY, July 8.—In a series of 13 recommendations for changes in the Oklahoma constitution, Governor Murray's constitutional committee of 21 has recommended that the industrial commission be authorized to make awards in cases of death in industry. Under the present law, effective since 1915, this can not be done. No particular plan is suggested, the commission being left to work out its own methods. This is the only suggestion made concerning insurance laws.

The committee recommends, however, in the matter of changing some of the state offices from elective to appointive, that the insurance commissioner be appointed by the governor.

Flyer's Widow Gets Award

MADISON, WIS., July 8.—Although the employee of an aviation company may meet death as a result of stunt flying contrary to air traffic rules, that fact will not bar recovery under the workmen's compensation law, the Wisconsin industrial commission decided in the case of Mrs. Marshall Field, widow of a Sheboygan pilot, who was awarded \$6,200 death benefits.

Double Compensation Upheld

LANSING, July 8.—The Michigan supreme court in Howard Thomas, administrator, vs. Morton Salt Company has upheld the workmen's compensation law in its provision for double compensation for injuries to employees between the ages of 16 and 18, illegally employed.

A youth between those ages was killed and his administrator brought suit at common law, recovering a large judgment under the theory that a minor was unable to contract and hence unable to accept the workmen's compensation law. The supreme court holds that the disability of a minor can be removed by law and was removed by the compensation law so far as to permit him to accept the provisions of that act.

Actor Entitled to Compensation

LANSING, MICH., July 8.—A vaudeville actor is entitled to compensation if he is injured, providing the employer is

operating under the compensation act, the Michigan supreme court has held. In Donald Watson vs. Publix Riviera Theater, the plaintiff tore the ligaments in one leg and twisted the pelvic bones while he was executing somersaults on a bounding table. The theater and insurer contended no accident occurred as Watson was merely going through his regular duties and, through his own carelessness, injured himself.

The supreme court disagrees with this view, holding that an accident under the compensation act must be broadly defined. A suitable definition is quoted and it is stated that the "statute seems to contemplate that an accidental injury

may result from mere mischance, that an accidental injury may be due to carelessness, not wilful, to fatigue, and to miscalculation of the effects of voluntary action." Under such terms it is held obvious that Watson suffered an accident and is entitled to compensation under the law as awarded by the compensation commission of the department of labor and industry.

The Greater City Surety & Indemnity has been licensed in California. J. M. Pavitt of Los Angeles has been named general agent. The Connecticut Indemnity has been licensed in the state to write plate glass, liability and automobile with Benton Sifford of San Francisco as general agent.

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ACCIDENT AND HEALTH FIELD

Big Turnout at United Rally

President Hogan Heads Home Office Delegation at Convention of Chicago Company at Kalamazoo

President O. T. Hogan and the entire executive staff of the United of Chicago were on hand for the company's annual convention and outing in Kalamazoo, Mich. Nearly 200 executives and field men were in attendance. There were two banquets, one at Gull Lake, and sport features, including a baseball game between the Detroit and Chicago representatives. Among the other home office executives were Secretary A. D. Johnson, H. G. Rockwood, vice-president in charge of life and commercial accident; G. B. Hiser, claim manager; E. G. Ellefson, agency supervisor, and H. P. Maloney, assistant to the president.

U. S. Court Says Death From Typhoid Not Compensable

The value of a disease exclusion clause in the accident policy, stressed by S. M. LaMont of the Metropolitan Life in his address before the Health and Accident Underwriters Conference, is shown in the holding of the United States circuit court of appeals for the tenth circuit (Utah) that the Business Men's Assurance is not liable under an accident and health policy for death caused by drinking water contaminated with typhoid bacilli. The case was Chase vs. Business Men's Assurance. The policy covered death resulting from "bodily injuries effected solely through accidental means," and provided that it should not insure against death resulting from disease.

"Even," the court declares, "if we assume that typhoid fever or a typhoid infection is a bodily injury, the policy, by express terms, provides that the accident insurance shall not cover any injury caused directly or indirectly by any disease. Death resulting from typhoid fever is not within the coverage of this policy."

U. S. Court of Appeals Says Electrocuting Not Accident

The United States circuit court of appeals has upheld the ruling of Federal Judge Woodward of Chicago that electrocution by due process of law does not constitute an accident in the meaning of an accident insurance policy or under a double indemnity contract.

J. A. Diamond, father of H. H. Diamond, who was electrocuted in the Indiana penitentiary for the murder of his wife, sought to collect \$20,000 under a double indemnity contract from the New York Life. That company had paid \$10,000 but denied the double indemnity.

The circuit court held that electrocution upon conviction by a court of competent jurisdiction could not constitute an accident even though it was against the will of the condemned man and was attended by external violence.

Launch Is Public Conveyance

ST. PAUL, MINN., July 8.—A pleasure launch is a public conveyance, the Minnesota supreme court has held in upholding a verdict of \$1,500 against the Great American Casualty. L. F. Cummings was one of nine persons drowned when an excursion motor boat on Lake Okobojii exploded in 1929. The policy contained a clause covering death or accident in a public conveyance and the suit hinged on whether this boat was a public conveyance.

Will Add to Its Premiums

Washington National Gains \$500,000 Income Through Accident and Health Reinsurance Deal

The Washington National of Chicago, which has reinsured the accident and health business of the American National of Galveston, will add \$500,000 to its premiums by this deal. While the Washington National business still consists largely of accident and health it is writing an increasing volume of life. It takes on a number of new agents through this reinsurance arrangement. S. W. Bowen, manager of the American National's monthly department, will join the official ranks of the Washington National at Chicago. The Washington National in addition to its industrial business writes commercial and group disability. It is making excellent headway.

Edson Issues Bulletin

L. D. Edson of the Zurich, Chicago, president of the National Association of Accident & Health Managers, has issued a three-page mimeographed bulletin to members on the activities of the association, covering particularly the Detroit convention. These bulletins are to be made a regular feature during the coming year, but inasmuch as most of the local clubs have suspended their activities for the summer, it is stated that the next bulletin will probably not be issued until September.

It is stated that no decision will be made as to the 1932 convention city for some time, as the executive committee desires to give the fullest consideration to the suggestions of any of the local clubs or individual members on that question.

American Fair Mutual Licensed

The American Fair Mutual Indemnity has been organized at Norwalk, Ohio. H. R. Endly is secretary and A. O. Adelman, treasurer. The company has been licensed in Ohio. It will write disability insurance.

New Denver Company Licensed

DENVER, July 8.—The State Reserve Mutual, recently organized by officials of the Colorado Life to write accident and health business, has been licensed in Colorado. J. M. Campbell, president of the Colorado Life, will be chairman of the board; S. B. Lacy, president; W. H. Watlington, vice-president; R. G. Davis, secretary; D. I. Robertson, assistant secretary, and Charles Mehlman, actuary. Rex Bixby, formerly with the Aetna Life in Arkansas and later agency supervisor of the Bankers Reserve, Omaha, is general manager.

The State Reserve Mutual has bought the industrial health and accident business of the Guaranty Mutual and the Progressive Mutual companies of this city. It will engage at once in an active sales program covering Colorado.

Progressive Loses License Suit

MADISON, WIS., July 8.—The Progressive Assurance of Minneapolis lost its case in supreme court against Commissioner Freedy, to compel him to send blanks for the company's annual report after its license had expired.

"The company's license and right to do business in the state terminated at the date of the commissioner's refusal to renew its license," the court says. "Thus its 1929 license was inoperative at the time it applied for the blanks, it was not lawfully doing business in the state at that time, and the commissioner was under no duty to comply with its request."

"The only thing that would avail the

company would be a license to do business in the state, which it could only get upon a new application or upon an adjudication that the commissioner's refusal to renew its license was unlawful and that it was consequently entitled to a renewal."

Fourth Texas Mutual Sued

AUSTIN, TEX., July 8.—The fourth suit for forfeiture of charter of a health and accident mutual has been filed by Attorney General Allred against the Lincoln Health & Accident, Floydada, Tex. A temporary injunction restraining the company from transacting business pending final hearing has been granted. Other companies sued are the Air Travelers, Dallas; Merchants Casualty, San Antonio, and Old Republic Indemnity, San Antonio.

Construes "Accidentally Thrown"

In construing a Federal Life accident policy, which provides indemnity if the assured is "accidentally thrown" from certain farm vehicles, the Michigan supreme court in *Stevens vs. Federal Life* has held that a farmer who is jolted about two feet off his seat on a binder into the machine proper was "accidentally thrown." The question of whether the farmer was thrown from the binder is determined by the place from which he was thrown and not the place where, in the course of flight, he landed, the court held.

New Regional Vice-president

H. H. Strayer of Kansas City, manager of the accident and health department of the Central Surety, has been named by President L. D. Edson as regional vice-president of the National Association of Accident & Health Managers for the western states division. He succeeds Douglas Marks of the Southern Surety, who is now president of the Kansas City club and recently resigned his National association position because he felt he did not have time to give to its work.

Double Indemnity Case

A provision in an accident policy stipulated for double indemnity if an injury were sustained "while the insured is riding in or driving a privately owned automobile of the pleasure car type." Held that one dying of carbon monoxide gas poisoning, while an occupant of a car which was stalled in a mudhole in the nighttime at a place where the road was covered with water, was riding in an automobile within such double indemnity provision. *Johnson vs. Federal Life*, North Dakota Supreme Court.

New Policy for Farmers

The Wisconsin Accident & Health of Milwaukee is issuing a new "farmers' special" accident and health policy. It pays certain benefits while working as a farmer and larger benefits for accidents outside farm duties. As an example, for accidental death it will pay \$3,000 outside and \$500 for death caused while engaged in farming. There are two classifications, farm proprietor and farm laborer. The premiums are practically the same for the two classes but lower indemnities are provided for the latter class. The premium may be paid annually, semi-annually or quarterly with 10 percent reduction for annual payment. The policy carries an accumulation provision.

Part-Time Selling Not "Occupation"

FRANKFORT, KY., July 8.—Part-time insurance selling does not constitute a change of occupation and anyone engaged in such a sideline is entitled to collect under a policy covering injuries suffered in the principal occupation, the Kentucky court of appeals holds, affirming the Estill circuit court in *W. A. Secrest vs. Benefit Association of Railway Employees*.

The insurance company contended that as Secrest was in the insurance

business as a sideline and, at the time of the accident disabling him, on leave of absence from the railroad office, he was not entitled to collect.

Death Not Accidental

BUFFALO, July 8.—Death of a policyholder shot by a policeman immediately after the policyholder had shot and killed a woman does not come within the double indemnity clause of a life policy paying double indemnity for death by "accidental means." This is the ruling of the trial court of Niagara county in the case of *Fabian, Administratrix, vs., Prudential*, which holds the death was not accidental.

Indorse Fake Claim Campaign

ST. LOUIS, July 8.—The automobile Insurance Association of Missouri, representing practically all of the stock companies, has unanimously indorsed the fight of the St. Louis Public Service Company and the People's Motorbus Company to stamp out fake personal injury and property damage claims. The companies are offering special rewards ranging from \$500 to \$1,000 for the arrest and conviction of attorneys and other persons connected with bringing fake claims against them.

FIDELITY AND SURETY NEWS

Losses in Bank of U. S. Case

Appellate Division Rules New York State Has Cause of Action Against Consolidated Indemnity

The Consolidated Indemnity is preparing to appeal to the court of appeals of the state of New York from the decision of the appellate division of the New York supreme court that the state has a cause of action against the Consolidated under a \$600,000 depositary bond covering funds in the defunct Bank of the United States. The net retention of the Consolidated is \$180,000. The appeal to the appellate division was from an order denying the Consolidated Indemnity's motion to dismiss the state's complaint as not stating a cause of action.

The Consolidated set up that since the state had a statutory preferential right for the amount of its deposit in the Bank of the United States, no proper action could be instituted against the Consolidated under its bond unless and

until the state first established that funds in the hands of the superintendent of banks were insufficient to pay the state's preferential claim.

Continuing Its Activities

Companies Pleased with the Results of the New York Joint Bail Bonding Agency

In deciding to continue the activities of the New York Joint Bail Bonding Agency the companies evidenced their confidence in the administration of Manager R. M. Nugent since its launching a year ago, and in general with its operating plans. Formed largely from a sense of public duty and at the earnest solicitation of Albert Conway, then superintendent of insurance, the agency was an experiment, supported modestly by a limited number of companies. A working fund of \$20,000 was contributed, an office secured and furnished and a manager and clerical force employed. In the 12 months that have now elapsed

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the agency finds itself with its initial fund intact, all losses and accounts paid, and a reputation for fair dealing with magistrates and clients. With the elimination from the bench of a number of unworthy judges and the general purging of criminal court practices resulting from the investigations directed by Judge Seabury, surety underwriters are confident that the work of the bonding pool will prove even more satisfactory hereafter than it has thus far. They intimate that should such prove to be the case, the writing of this class of bonds through associated company effort might be extended to Chicago and other leading centers where the need for the service exists.

The writing of bail bonds had long been looked upon with disfavor by a majority of companies, which felt that generally speaking they would be dealing with an undesirable clientele and that the securing of such business would be through a poor type of representatives. The formation of the bail bonding agency and the success that has attended it thus far attests that bail bonds can be written along legitimate lines and a distinct service thereby rendered persons wrongfully accused.

Nebraska Bank Receivers Charge Bonds Endangered

LINCOLN, NEB., July 8.—In a statement to the public, the four men who are acting as receivers of 250 failed state banks in Nebraska have notified Governor Bryan that because his interference with them in their work has endangered their bondsmen, surety companies having signed bonds running up into the millions for them, they will no longer take orders from him, but will respond only to orders of the courts that appointed them. Their chief complaint is that Governor Bryan has appointed, without their consent or permission and in violation of law, personal political friends as attorneys for the banks, men who are not trained or experienced in the work, and that this "attempt to pilfer the assets for political effect would result in a liability on every receiver's bond."

The governor has retorted with an order to the chief attorney of the banking department to take charge of all records and assets of the receiverships, although the courts committed these by order to the men named as receivers. The governor threatens to force their removal from office.

Examiner Not Responsible

The Missouri supreme court has held that officials of the Missouri state banking department are not responsible to depositors of banks for failure to discover embezzlements and forgeries in making periodical examinations of financial institutions. The decision was given in a case appealed from the circuit court of Adair County in which Mrs. Florence H. Funk of Kirksville, Mo., had been awarded \$1,600 judgment against B. E. Turner, former bank examiner, and the American Surety, his surety.

No Refund on Depository Bonds

Heretofore companies in writing depository bonds have had an audit made of the deposits at the close of the year and if it were found that this figure did not reach the amount of the bond there was a proportionate refund. The Towner Rating Bureau has issued an order that hereafter there will be no refund on depository bonds, the rate to be flat based on the amount of the bond.

Banks May Secure Sureties

LINCOLN, NEB., July 8.—State banks may pledge a sufficient part of their assets to secure the signers of bonds against loss to public treasurers on their deposits of public funds, says the supreme court, in Bliss, Receiver, vs. Mason. The court holds that as

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the law does not forbid this being done, it is reasonable to suppose, in view of the fact that the bank may take certain choice parts of its assets, designated by law, and deposit these with the treasurer, that it may also use its assets to insure against loss those who sign corporate surety or personal bonds, alternate courses provided in the statute. If it may pledge these direct to the county it may pledge them to the surety. It holds that such a transaction is not against public policy, since it is intended for the greater security of the public.

Old Arkansas Law Applies

LITTLE ROCK, ARK., July 8.—In a ruling to clarify conflicting recent enactments of the Arkansas legislature relative to surety bonds required of banks serving as county depositories, Attorney General Norwood has ruled that the act of 1927 is still in force and allows the option of a personal bond signed by five qualified real estate owners, a corporate surety bond, or United States government bonds pledged as surety.

Mr. Norwood held that a law enacted to amend the 1927 act was invalidated by a subsequent piece of legislation and the old act therefore remains in force.

Metropolitan Casualty Victor

Counties, not being liable for the payment of certain labor and materials on which the principal is delinquent, may not hold the surety liable for the failure of the contractor in those respects according to the decision of the Pennsylvania supreme court in County of Montgomery vs. Ambler Davis Company and the Metropolitan Casualty. The court pointed out that the bond merely provided against loss to the county in event some liability on its part arose to those working for and furnishing material to the contractor.

WITH BURGLARY UNDERWRITERS

Blanket Insurance on Gems

Employers Liability Policy Held to Cover Diamond in Ring Specifically Insured Elsewhere

Although a blanket residence theft policy excepted "articles separately valued in or specifically insured under the policy of any other insurer," the Pennsylvania supreme court holds that it covers a diamond bought after the policy went into effect and set in a ring with a "diamond solitaire" specifically insured under a Lloyds policy. The case was Short vs. Employers Liability. The plaintiff had a policy in London Lloyds under which there was specifically insured "one diamond solitaire." It was contended by the Employers Liability that its policy did not cover the second stone subsequently set in this ring. It was held, however, that Lloyds did not insure the diamond in question and the Employers Liability claim to be exempt, failed.

Risk Is Not Increased But False Word Voids Policy

The Massachusetts supreme court has affirmed the superior court in setting aside a jury verdict in favor of Barney Kravit against the United States Casualty under a burglary policy. The court holds the policy was voided by contravention of provisions of section 6 of the contract because the assured made certain false statements. Kravit contended that false representation would not void the policy unless there were intent to deceive or unless the matter misrepresented, or made a warranty, in-

creased the risk of loss. This was held by the court to be ineffectual, since it has been decided that this section of the law does not apply where the warranties are inserted in the body of the policy.

Oppose Loss of Profits Cover

NEW YORK, July 8.—At the suggestion of a member the burglary department of the National Bureau of Casualty & Surety Underwriters considered the issuance of a policy indemnifying the assured against loss of profits, but sentiment proved preponderantly against any such move. The inquiry was inspired by a manufacturer whose established trade had been injured through the unethical practices of certain competitors, and who felt that he should be able to secure indemnity against loss of profits resulting therefrom.

No Indiana Bank Losses in June

INDIANAPOLIS, July 8.—Officials of the Indiana bureau of criminal investigation report that June was a perfect month as regards bank burglaries in Indiana. Not a burglary was attempted, the first month of this kind since July, 1927. In the last eight months the state department has apprehended 80 alleged bandits and convicted more than 40 of them.

Kansas City Crime Reduced

KANSAS CITY, MO., July 8.—The Law Enforcement Association here has sent out a letter saying that if the police department continues to keep crime reduced as it has during the past several weeks, Kansas City should secure lower burglary insurance rates. Part of the decrease in crime has been due to the

police radio, which just recently started functioning. Home robberies have decreased from 326 to 137, and robberies of business houses from 429 to 176, this year compared to last. Highway robberies have decreased from 543 to 430. Burglaries during the first five months of 1924 numbered 1,134; and in 1926, 1,088.

Otto Joins Lloyds Casualty

G. H. Otto, who has served in the field and home office of the National Surety, Union Indemnity, Bankers Indemnity and Fidelity & Deposit, has joined the Lloyds Casualty as superintendent of its burglary department. He has been 18 years in the business.

Casualty Company Activities

Report on Gem City Life

Ohio Department Examination Shows Net Surplus of \$114,617—No Excessive Loans Made

The Ohio department examination of the Gem City Life of Dayton, O., made as of Dec. 31, shows net surplus of \$114,617. The capital was \$265,110, giving a total surplus to policyholders of \$379,727.

The accident and health business has not been profitable. A high loss ratio and an addition to reserves of \$25,000, from \$10,000 in December, 1929, to \$35,000 in December, 1930, caused this department to show an operating deficit of \$27,000. The loss was due largely to experience with one group contract. This condition is being corrected rapidly.

A careful examination of the report

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shows that no loan was set down as excessive except in one case where a first mortgage could not be delivered. This case was cleared within a month after Dec. 31, by return of the cash involved. This is given in the report though the amount involved, \$5,000, was not accepted for the statement. In four other cases, lapse of the insurance on property upon which loans had been made caused these cases to be listed as excess loans. Reinstatement of fire insurance protection automatically corrects this condition.

The Gem City Life had 338 loans Dec. 31 and had brought foreclosure proceedings in 16 cases.

Indicates Definite Switch

SAN FRANCISCO, July 8.—Following the recent appointment of Mullin-Acton Co. as general agent for the Detroit Fidelity & Surety, the San Francisco branch office has been closed. The action indicates a definite switch on the Pacific Coast from the branch manager to general agency plan in keeping with the policy laid down by the Lloyds Casualty group, which acquired the Detroit a few months back. E. R. MacDougall, formerly with the branch office, joins Mullin-Acton Co. as bond underwriter.

Won't Wait for California

LANSING, MICH., July 8.—The California department will not participate in the current examination by the Michigan department of the Casualty Association of America, Detroit reciprocal, whose management operates the Federal Motor Club, it was indicated this week by department officials. California authorities have shown considerable interest in the examination and wished to participate but the western state's examining force could not be in Michigan until August. As the Michigan examiners were already beginning

the work it was considered impracticable to delay it.

Bankers Indemnity Action

The Bankers Indemnity held a stockholders meeting June 26 at which it was voted on the recommendation of the directors, to reduce the capital from \$1,600,000 to \$1,000,000 and to transfer \$600,000 to surplus to provide funds with which to finance reserves required in connection with increased writings during the current year.

PERSONALS

Henry Harder of New York City has been elected a vice-president of the Union Indemnity. He has been vice-president of the New York Indemnity since 1928, that company being now merged with the Union Indemnity. He is manager of the metropolitan branch of the New York Indemnity. He was formerly its western manager at Chicago.

Spencer Welton, vice-president Massachusetts Bonding, is expected to arrive in San Francisco July 10 on an extended agency trip through the southwest and Pacific territory, with stops through Texas and California. While in San Francisco Mr. Welton will make his headquarters with J. R. McKinney, local manager.

At the annual golf tournament of the East Bay agents of the Phoenix Indemnity at Oakland, Cal., Alfred Fisher of the San Francisco office was declared low gross winner. Low net was won by Charles Naylor of Oakland. A banquet was given in the evening.

N. C. Mather, president United States General Underwriters, attorney-in-fact for the American Preferred Risk Underwriters of Chicago, suffered injuries in an automobile accident recently. He is recovering at the Presbyterian hospital in that city.

Oppose Government in Business

E. M. Ackerman, secretary Insurance Federation of Illinois, is attempting to interest insurance people in the recently organized Federation of American Business Men, which is being promoted by certain members of the Chicago Board of Trade as a national organization to combat governmental interference in private business. The principal factors in the organization at this time are R. I. Mansfield, James Coughlin and J. E. Bennett. Secretary is M. W. Pickell.

Casualty Notes

Julius F. Emme, long active in labor circles in Minnesota, has been named secretary of the state industrial commission.

The Mutual Auto, Mutual Auto Theft and Harleysville Mutual Casualty, all of Harleysville, Pa., have been licensed in Maryland.

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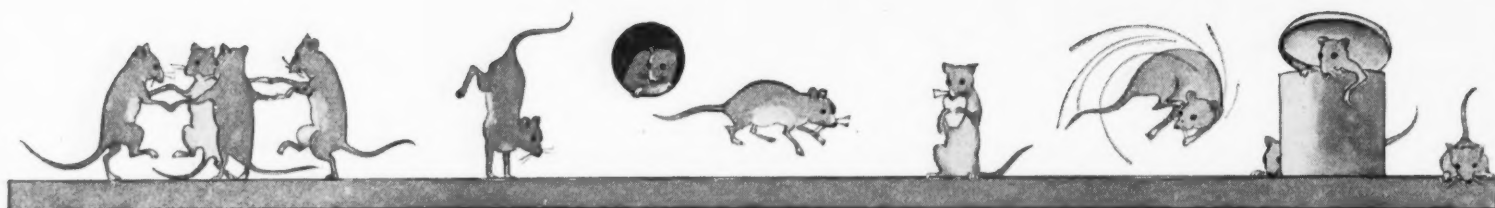
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